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THE COMMERCE BUILDING

UNIVERSITY OF ILLINOIS

Conference on Commercial Education and Business Progress

IN CONNECTION WITH THE DEDICATION OF THE
COMMERCE BUILDING, APRIL SIXTEEN AND
SEVENTEEN, NINETEEN HUNDRED AND
THIRTEEN

URBANA-CHAMPAIGN, ILLINOIS
PUBLISHED BY THE UNIVERSITY
1913

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INTRODUCTION

The dedication of the Commerce Building at the University of Illinois, which was erected during the year 1912, was made the occasion of a Conference on Commercial Education and Business Progress extending over two days, April 16 and 17, 1913. The papers and addresses that were presented on this occasion constitute the present volume. Acknowledgment should be made at this point of the indebtedness of the Director and Faculty of the Courses in Business Administration to the many persons, especially the speakers, whose generous co-operation made this occasion a success.

The Commerce Building is the most recent of several new additions to the physical plant at the University of Illinois, and is devoted to the study of economies, commerce, public and private finance, railway administration, money and banking, business organization and management, accountancy, insurance, statistics, and related subjects. In explanation of the significance of the erection and dedication to such uses of this building, a circular was published upon this occasion, which may properly be quoted at this point.

THE COURSES IN BUSINESS ADMINISTRATION

The University of Illinois showed an early interest in the training of business men. The first circular of information published in 1868 declared it to be one of the aims of the institution to prepare men "for the arduous and riskful responsibilities of the merchant and business man." The original nine departments of the University included one of "Commercial Science and Art," in charge of which was placed Captain Edward Snyder, subsequently Professor of German and Dean of the College of Literature and Science. In 1870, the University rearranged its

whole curriculum, and the commercial department was thereafter called the "School of Commerce." Book-keeping, commercial calculation, and commercial correspondence were the principal subjects of the course.

In 1878, an attempt was made to raise the standards of the School of Commerce by adding a second year's course, but there was little call for such a development, and on September 10, 1879, the Board of Trustees passed a resolution to the effect that "the course of studies in the 'School of Commerce' is more extensive than is practicable to teach at the present time." On June 10, 1880, the Board voted to discontinue the school. The attempt to construct a university school of commerce along the lines of a "business college" had proved unsuccessful. The school had done little more than to prepare clerks and bookkeepers. It had not been realized that the function of a university school of commerce was to prepare for future leadership in economic enterprise, not for clerkships. Twenty-two years passed before interest in university commercial education was revived. The abandonment of the first school of commerce was an inauspicious event but, in reality, a beneficial one, since it put an end to the "business college" conception of university commercial education, and offered a clear field for the re-establishment of the work on its only proper basis, that of economic science.

About 1899-1900, several of the leading universities of the country had become convinced of the desirability of a more systematic organization of courses that should prepare students for careers in commerce. To place the University of Illinois in line with this movement, an appropriation was asked for. It was obvious to the Board of Trustees that an excellent foundation for such expansion had already been laid by the department of economics, and, accordingly, an appeal for funds was made to the legislature. An appropriation was made and, in 1902, the School of Commerce was re-established under the title of "The Courses of Training for Business," Professor Kinley being appointed Director. Two additional professorships were

established—one in commerce, and the other in industry and transportation.

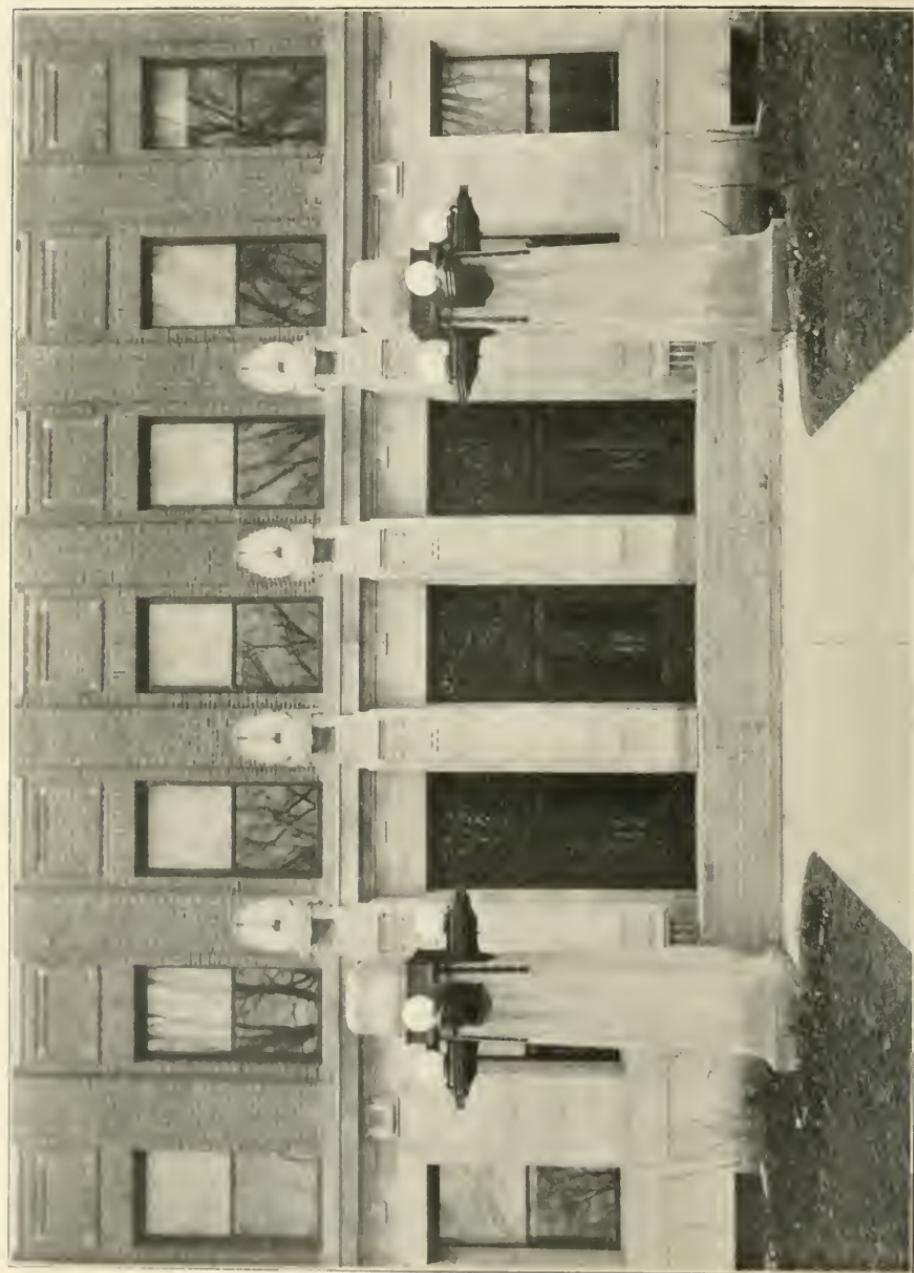
The effect of the new policy was immediately apparent. The total number of registrations in courses in economics had been 253 for the two semesters of 1901-1902. In 1902-1903, this increased to 309; in 1903-1904 to 735; by 1906-1907, it had reached 1,143. This striking increase came about not only because a larger number of students elected a full four-years course in business, but because many sought some of the courses to supplement their other studies.

The success achieved by the courses led, in 1907, to an increase of appropriation, which enabled expansion to be made in the following groups of work: railway administration, accountancy, and industrial history. The continued interest of the general administration of the University in the work of business training had been insured by the election of Edmund J. James, at one time Director of the Wharton School of Economics and Finance at the University of Pennsylvania, to the presidency of the University, in 1904.

The growth in enrollment since 1907 has been marked. The registration in the courses has increased to 2,125 for the year 1912-1913, representing about 1,500 individuals, of whom 225 are registered for full four-year courses preparing specifically for business careers. The rapid increase in courses and students early brought into prominence the urgent need of special accommodation for the work in commerce. The business interests of the state soon saw that, to secure full service from the courses, a special building was required. With their help, the legislature was convinced of the necessity, and, though the amount requested by the Board of Trustees was not granted, an appropriation of \$125,000 was made, in 1911, for the erection of what will be known in the future as the Commerce Building. The building was sufficiently completed by February, 1913, to be ready for occupancy, and most of the work of the business courses was transferred to it.

The anticipated advantages of the new building are being fully realized. The students in business administration are beginning to feel an individuality previously unknown, the unprofessional character of their training seems to become more distinct, the instructors have been brought into more intimate touch with one another and with their students, much to the advantage of all concerned. The work in accountancy, statistics, banking, railway administration, commerce, and in other subjects is now capable of being developed, and will be developed, to a degree of practical efficiency unattainable in the past. And it is not an unpleasing thought to the citizens of Illinois, as well as to the members of the University, that, in developing its facilities for the training of men to fill positions of responsibility in both public and private administrations, the State of Illinois has placed itself in the vanguard of educational progress.

Much has been done, during the past eleven years, in the development of the courses in business administration, but much still remains to be done. There are already indications that the accommodations of the new Commerce Building will not be adequate to the demands that will be made upon it. It is not merely a case of the provision of recitation rooms. Modern methods of instruction in what may fitly be termed business technology call for generous provisions of museums, laboratories, instrument rooms, and so forth. To meet the actual needs of the business world, it will be necessary to expand the courses in accountancy, business organization and practice, commercial law, and other subjects, and new courses in such subjects as salesmanship, advertising, and secretarial work are being called for. Two years have elapsed since the building was authorized. The enrollment of students taking work in economics and commerce during these two years has increased forty per cent. Such progress shows a lively appreciation of the benefits of training in business subjects, throws a corresponding obligation upon the University and the State to see that this desire for



FRONT ENTRANCE

economic efficiency on the part of the youth of the State is met by provision of proper and adequate facilities.

THE COMMERCE BUILDING

The new Commerce Building is centrally located on the University Campus, standing a little south of University Hall, and facing on Burrill Avenue. In its architecture, the building harmonizes with the other structures on the south Campus, though differing from them considerably in style. The first story and the cornice are constructed of white stone, while the rest is in brick of the type used in the adjacent buildings. The east facade is the only part of the present structure which will show when the building is completed. This facade is somewhat more elaborate in its detail than is the case of any other building on the Campus. Its most striking feature is the broad entrance, flanked by large stone pylons supporting massive bronze lanterns.

The spacious but simply designed entrance hall, with marble wainscot and low vaulted ceiling, leads directly to a large lecture room seated in amphitheater fashion, which furnishes comfortable accommodations for several large lecture courses. The room is well lighted and ventilated and will be equipped with the most improved type of lantern for stereopticon illustration. Corridors leading north and south from the entrance hall give access to two other large lecture rooms, to the offices of the Director and Assistant Director of the Courses in Business Administration, and to the stairways leading to the upper floors.

On the second floor are located the offices of the professors of railway administration and commerce, a large lecture room, seating about one hundred, and equipped with a lantern for the special use of the courses in commercial subjects, and two smaller class rooms for the use of advanced classes in business administration. The statistics and commerce laboratories and the commerce reading-room are also located on this floor. The statistics

laboratory is being equipped with the machines, apparatus, and books necessary for the most advanced statistical investigation along all lines. The commerce laboratory is furnished with an extensive collection of commercial products, maps, charts, etc. In the reading room, current financial and trade newspapers and periodicals, as well as general reference works in commerce, will be kept on file.

On the third floor are the accountancy rooms, additional class rooms, and the offices of the professors of industry and accountancy and of the instructors in the business courses. The rooms for the use of the courses in accountancy consist of a laboratory and a machine room. The accountancy laboratory, about eighty feet long and thirty feet wide, is the largest room in the building. It is furnished with drafting tables for the use of students in designing accounting forms and handling the books used in the accounting courses. Eventually, the accountancy machine room will be more fully equipped with the various machines used in business and accounting offices. Many of these machines are electrically operated and the necessary connections have been installed in the room.

As a whole, the building is substantially constructed, simple in plan, and convenient and well adapted to the purpose for which it is intended.

PROGRAM

The program of the Conference on Commercial Education and Business Progress consisted of three parts. On the first day the general topic was Business Administration in its Relation to Public and Private Welfare, and in the papers read at the two sessions held, the twofold aspect of business administration was clearly brought out. On the morning of Thursday the second conference was held on the general subject of Commercial Education and Business Success; here the need of training for business was emphasized. In the afternoon the formal exercises of the dedication took place at a general University convocation. In

the evening a successful and largely attended dinner was given at the Armory, under the auspices of the Chamber of Commerce of Champaign, and the Commercial Club of Urbana. The keynote of the evening's addresses was co-operation. The following is the program of the conference as a whole:

I. CONFERENCE, WEDNESDAY, APRIL 16

“Business Administration in Its Relation to Public and Private Welfare,” W. B. McKinley, President of the Illinois Traction System, Chairman.

AFTERNOON SESSION, THE COMMERCE BUILDING, 2:30 P.M.

“The Public Concern in Improved Business Administration,” Harry A. Wheeler, President of the Chamber of Commerce of the United States.

“Some Business Tendencies of the Day,” S. T. Henry, Western Manager of the *Engineering Record*.

“The Business Problems of Agriculture,” Chas. A. Ewing, Decatur, Illinois.

Discussion.

EVENING SESSION, MORROW HALL, 7:30 P.M.

“What a Budget May Mean to the Administration,” Frederick A. Cleveland, Chairman of the President's Commission on Economy and Efficiency.

“Business Administration,” Edmund J. James, President of the University.

II. CONFERENCE, THURSDAY, APRIL 17

“Commercial Education and Business Success,” W. L. Abbott, President of the Board of Trustees, Chairman.

THE COMMERCE BUILDING, 9:30 A.M.

“Commencing Right,” Alexander H. Revell, President of Alexander H. Revell & Company.

“The Relation of a School of Commerce to the Practical Problems of Business,” Leon C. Marshall, Dean of the College of Commerce and Administration, The University of Chicago.

The Report of the Committee on College Courses in Business Administration. Presented by Charles L. Stewart, Research Assistant in Economics, University of Illinois.

Discussion.

III. CONVOCATION

The Dedication of the Commerce Building, the President of the University, presiding.

THE AUDITORIUM, 3:00 P.M.

Prelude, the University Band.

Invocation, Reverend Doctor McClelland, President of Knox College.

“The College Graduate a Business Tyro—a Matter of Adjustment,” Howard Elting, President of the Chicago Association of Commerce.

“Schools of Commerce and Improvement of Business,” David Kinley, Director of the Courses in Business Administration.

Presentation of the Commerce Building to the President of the University, W. L. Abbott, President of the Board of Trustees.

Acceptance and Address, President Edmund Janes James.

Presentation of the Portrait of the late E. J. Parker, of Quiney, Illinois. Presented by Mrs. Parker.

Address on Behalf of the Illinois Bankers’ Association by B. F. Harris, Past President of the Association.

Recessional March, the University Band.

Adjournment to the Commerce Building.

Prayer of Dedication, Reverend Doctor McClelland.

IV. DINNER

THE ARMORY, 6:30 P.M.

Subscription Dinner, in honor of the Dedication, given by the Chamber of Commerce of Champaign and the Commercial Club of Urbana.

FIRST SESSION

BUSINESS ADMINISTRATION IN ITS RELATION TO
PUBLIC AND PRIVATE WELFARE

COMMERCE LABORATORY



THE PUBLIC CONCERN IN IMPROVED BUSINESS ADMINISTRATION

HARRY A. WHEELER

President of the Chamber of Commerce of the United States

The public concern in improving business administration may mean the interest or concern which the public has in improving business administration, or it may mean the interest or concern which the public should have. I am not quite clear in my own mind as to which was intended by the committee in opening the program with this topic. It may be presumed that the public is deeply interested and concerned regarding an improvement of efficiency in business administration. But as yet, so far as I have been able to observe, there has been no definite evidence of public interest in this question to the end of hearty public co-operation. Now by that I do not mean that there has been any lack of giving of public funds for the construction of buildings like this for the maintenance of commercial and industrial efficiency courses, for money has been given freely out of public funds for this work in order that a higher scale may be evident in every branch of human endeavor; but if production due to the increased efficiency is on the other hand offset by new elements of cost that are in no wise related to the intrinsic value of the product—if efficiency in production, efficiency in salesmanship, efficiency in accountancy and financing, are obtained by devising systems whose expense of maintenance must be considered as an offset to these things, the new element of cost balancing efficiency due to the actual value of the product—then efficiency has failed in its true aim and purpose. For the true aim of efficiency can be only to maintain the highest standard of a product and to cheapen its cost of production so that it may be offered to the general public, the ultimate consumer, at a lower price than heretofore. Obviously, all the efficiency that may be taught, if it leads

to no more than to increase the elements of expense, if the new elements of expense cater to the taste or please the eye, or if in the distribution the cost of distribution is made sufficiently great to offset the savings of efficiency in production, then you have absolutely lost the value of efficiency. Now I am not taking this particular point of view for the purpose of following it out to any logical conclusion or argument as to whether we are in the day of unwise efficiency through the cutting off of certain elements of expense in one direction and adding in another, so that we find ultimate equalization. That would be too narrow a subject for us to consider this afternoon. Neither am I inclined to pursue the topic, which would perhaps be rather negative, but I bring it to your minds for this reason: there can be no efficiency of production or of distribution, unaccompanied by public co-operation, that will ultimately aid the work for which money has been spent and courses have been founded. Our difficulty in this country today is the endeavor not to induce the manufacturer to adopt efficient methods of production, nor the distributor to adopt efficient methods of salesmanship and accounting, but rather to impress upon the people at large the necessity of co-operation in all of these efficient methods in order that after all, in the final analysis, the cost of living may be reduced, the value of production may be increased, and good may come to the people at large.

It is a matter of public education, or of education of the public, quite as much as it is a matter of study. There is a question whether the manufacturer will find as he pursues the policy of efficiency in production, that labor, as a part of the public, is altogether in sympathy with the efficiency methods that are adopted and introduced. There is a question in the mind of labor today as to whether the efficiency that comes from getting the highest production out of a given piece of machinery is or is not in the interest of labor. Running through the entire realm of efficiency operation, in shop, or in the mill, or in the office, or in the mine, or in the field, there is the same general element to

contend with; the agriculturist cannot see that it is to his advantage to introduce high efficiency unless he has first had the demonstration that it will increase his profit, and from a selfish point of view he has been inclined to judge from old time methods. All along the realm of our economic life, in our agricultural pursuits, and so up and down the range of production of those products which are natural and those products which are converted, we find the same difficulty that efficiency must be a double-barreled proposition and must have its base in the production of the farm or the production of the mill, and must have its co-operation in the hearts and the minds and in the will of the people themselves. For there is no ultimate value in reducing the cost of an article in the mill unless you have certain advantages of co-operation with the people at large to incline them to accept this particular article without frills and without favors—things that make for intrinsic value and that reduce cost, and therefore reduce cost of living.

I was told to speak for twenty-five minutes. If I were to try to pursue the advantages of administration in reduced cost of production, or of distribution, I could not cover one single point of either of these phases of this subject in the time allotted. I am going to take an entirely different course than that because, as President James has said, the conference is for the purpose of ascertaining what may be done with this plant which you have created here at the University of Illinois to make it effective and to make it useful to the people of the State and the people of the country. It can be of the greatest service if it is used to create a healthy public sentiment that shall be co-operative with the desire for greater efficiency and for better business methods. There is no one source of instruction that will reach the public so well as through the organization known in this State and in other states as chambers of commerce, or boards of trade, or trades organizations. In a decade there has come a change over the commercial life of this country. Organizations, originally established

for the purpose of stimulating trade, have broadened the scope of their action until today their work is largely civic and secondarily commercial. After all, only as civic conditions are ideal can commercial conditions be made ideal.

These organizations in ten years have sprung up all over the country in great numbers. Every city of any magnitude has many; every town has several, oftentimes, and one surely—organizations where the citizens in business pursuits join together for the purpose of stimulating interest in their city, of increasing its industrial prosperity, and its commercial prosperity, and of making it a better place to live. These organizations have become educative factors not only to the industrial community, but likewise to that community which has to do with production, whether it be of the field, or of distribution whether it be of farm products, or natural products, or products of the mill. And it is the most helpful and most hopeful sign in our country that business men, through these organizations, have come to see their duty to the general public in an entirely different light. It is not a question, ladies and gentlemen, of whether a product is produced at the lowest possible price, or the mill is kept running at the lowest possible cost, or whether salesmanship is of the highest possible order; but the true essence of progress in business administration, of efficiency in production, and efficiency in distribution, comes from a knowledge of the relation of business to the government of the state, and of the city, and of the nation, of relating the affairs of one's daily life in mill, or in shop, or in the store, to the broader things that have to do with public concern; to find the relationship that exists between legislation and business, and to help those who have to do with our legislation by the counsel and the wise advice of those who have to do with the actual production of our commodities, and their distribution; the broader outlook rather than that solely from the selfish point of view of efficiency in administrative methods, or in production, solely for the sake of being able to gather a few more dollars at the end of the year. These chambers of commerce

have for their purpose the broader development of the business men, with respect to all things that relate to efficiency of production and distribution; and, carrying out that idea, men usually have a broad vision and see beyond the lines of their own particular concerns into the concerns that are of the nation, and in so doing they not only become better producers and better citizens, but they have the broader sympathy which will lead them into a kindlier relationship with others and a more cordial consideration for legislators, and in the end to better economic conditions for our entire country.

I bring these views of the question to you for this reason: I hope you will discuss in this college of commerce the necessity for creating a strong force of men who can lead in the movement of which I have spoken. There are thousands of organizations in this country today of business men. There are many hundreds of them that are efficient and enthusiastic in so far as they have leadership, but there is an absolute dearth of men who have been trained to lead in these particular fields of action. There is a profession awaiting those who have to do with the making of men to fill places of prominence and of power in this country, a profession that is just as real as the law or as medicine. The profession is that of the civic secretary, the civic commercial secretary, who may pass through the various stages of his own profession from small to large organizations in cities of small size, and then on up through the scale, filling places that are as important as any office or any place that a man can be called to fill in this country. This school, joined with others of like character in this country, should, in my judgment, seek to establish a course that shall prepare the men who go through this college and through this School of Commerce, to take the places that are so freely opened and to fill the places that are so badly in need of being filled today. In the work of the Chamber of Commerce with which I am connected there is not a single week passes that we do not have applications from organizations all over this

country asking if we can indicate to them men who are trained in this particular work, men who can occupy a place not only close to the municipal government of their city, but close to its industrial development, men who will stand in the community as high as any citizen, the importance of whose work cannot be over-estimated in the development of the community. There is no more honorable profession; there is none more sadly needed at the present time.

The graduate school of business administration in Harvard is at the present time seriously taking up this question. Northwestern University has been discussing it. Other universities will take it up from time to time, and after all there is where the need lies today. Efficiency that shall be broad enough not only to cover the selfish need, but the unselfish needs of the great public concerns of this country, that shall teach the business men that efficiency has to do not only with the better production of his particular product, or of the making of a cheaper product, but that will make for better conditions in his city, and education of the people under his jurisdiction.

If this School of Commerce will undertake to lay down a course that shall contain municipal government and administration—for efficiency there is as greatly needed as in the manufacturing plant—that shall undertake to study state government and efficiency in the disposition of state funds; that shall undertake to do what Mr. Cleveland has done so well in Washington in national efficiency and the national budget; down through all the questions that have to do with commerce and with the general civic conditions of our country, and you will find that there are studies which can be prepared, subjects which can be taught, that will train men for positions that will be more lucrative than other professions now are. Men so trained can render not only a service to themselves but a great patriotic service to their country as a result of the years of study which they may give to these subjects, transportation and subjects of like character, in addition to the subjects which

students would naturally take, such as accountancy, etc. Now my ambition in this matter is that there should be created as a result of the upbuilding of these schools of commerce within the large universities of our country, a corps of young men who are willing to train themselves for this important service, who are willing to study deeply the problems of our day—and they are serious economic problems that now confront us, perhaps more serious to our business and commercial interests than have confronted those interests in any previous time—who will carefully prepare themselves for those places and fill them, and render a patriotic service to country while doing this, doing great things for themselves, for no more creditable place can be found than that of leadership in organizations that are meant for building up the civic, commercial, and industrial interests of the community.

SOME BUSINESS TENDENCIES OF THE DAY

S. T. HENRY

Western Manager of the *Engineering Record*

Many tendencies of a decade ago towards new methods in the business world are today recognized fundamentals of business success. The combination of scattered competing industries, the standardization of production and the complete utilization of by-products have had development in this country only during the last fifteen to twenty years. The tremendous value of thorough studies of efficiency promotion in all branches of business are not even yet fully appreciated. Other business tendencies of at least as great importance as any that have been mentioned are now working to the front. Close co-operation between the manufacturer and the consumer, generally termed service, is one of the strongest of these tendencies underlying present-day business.

Many a manufacturer has in the past given what is now called service to the consumer without appreciating fully just what he was doing. The efficiency of many a factory likewise has long been high, simply on account of the wonderful natural ability of some individual or individuals responsible for the organization of that factory. But today conditions governing the efficiency of a factory may be determined and analyzed with utmost certainty. The manner in which service work may be developed by the manufacturer's sales department is subject to as close analysis as is any established business method. Indeed, many an aggressive producing organization already has its service policy as thoroughly established as are its credit methods. The undeveloped possibilities of such service sales work are so vast, however, and so much remains to be done in determining the manner in which service work can best be undertaken in many industries, that this work may truthfully still be called a tendency of our business methods. But it is a tendency that force of competitive circumstances will mold into most concrete form in the very near future.

Service to the consumer generally first requires a study of the conditions of the industry in which a manufacturer's products are used. Continual development of products to keep pace with the changing needs of an industry is the next step. And finally, the producer must so thoroughly demonstrate to the consumer how to adapt his products to the consumer's conditions that satisfaction is assured. The success of such a service method of selling has been proved so conclusively, that in many fields competitors realize that no other methods of selling can meet it.

The ramifications of the service-to-the-consumer sales method are extremely wide. Mr. McAdoo demonstrated one extreme of it in a remarkable way in his operation of the Hudson tunnels connecting Manhattan with the Jersey shore. He built those tunnels, he equipped them, and he operated his trains to meet the demands of the traveling public. As conditions changed, he changed to meet them. Not a protest was made when his company, because the investment in the tunnels was not earning a fair dividend, increased the fare from five to seven cents for a maximum ride of four miles. But other New York City lines cannot get more than five cents for a twenty-six mile ride.

Another concrete example of the success of service to the consumer in selling is the results obtained by a certain large manufacturing organization with electric-railway motors. Several years ago this company began a most exhaustive study of conditions to be met by the equipment of electrically operated cars for all classes of service. The situation was most thoroughly investigated. The best methods of generating and distributing electrical power for each general situation were selected. The most efficient design of motor that would meet the extremely exacting conditions was developed. The right way to install these motors was determined. The data on which were based the many conclusions that had to be reached as this work progressed were obtained first-hand in the field by the manufacturer's men. These data came from the managers, the operators, the motormen, the repairmen, and in fact,

from all electric-railway employees who could furnish a single element by which efficiency of the car motor equipment could be increased. Engineering features naturally controlled very largely. But financial, operating, and maintenance ideas had to be given equal weight in developing many details.

The work of this company on electric-railway motor improvement extended over several years. Advances were made slowly. But always the consumer understood that the whole effort of the campaign was to give him the best electric-railway equipment that could be built. The men of the manufacturing organization who made these studies had to be far more than ordinary salesmen. And they soon became recognized experts in their field. Consequently, the position occupied today by this company and its electric-railway motor salesmen is such that the company scarcely recognizes any competition. This enviable position was built on service to the consumer.

Another example may help indicate the certainty of results from service work in sales. A contract for one of the large dry docks built by the federal government was awarded some years ago. The contractor failed on the job. A second and then a third contractor were unable to handle the construction work. The contract finally was awarded a fourth time. The first three contractors employed material-handling equipment generally used on other similar work. A salesman of a large manufacturing concern made a thorough study of the reasons why the first three contractors had failed. He and other men of his organization studied the situation from every point of view. They gave full recognition to the labor, financial, and management conditions, and to the rigid government specifications, as well as to the physical situation involved. They demonstrated conclusively that the equipment used had been the primary cause of the previous failures. Then, based on their investigations, they developed a better method of handling the work with equipment built by their company. After this idea was worked out in complete de-

tail, it was presented to the fourth contractor. He immediately saw the value of the suggestion and gave the company an order for over \$100,000 worth of its equipment. He had been sold an idea. It was service to the consumer which secured that business without competition. And service of a similar sort continued since then has procured for this company nearly \$400,000 worth of business from this single customer.

The work of the association of manufacturers in various allied industries is an illustration of a combined effort to give service to the consumer. An effort thus induced must, in most cases, be continued by the individual manufacturer with his own customers. The investigations made by the association of the paving brick manufacturers of this country show what can be done in this direction. To the layman there appeared to be little opportunity for changing materially the manner in which brick pavements formerly were laid. But years of investigation of the behavior of brick pavements were conducted by this association, in conjunction with engineers who designed and contractors who laid such pavements. These investigations went into the most minute details. As a result of them, it is now practicable to build a brick pavement that will give many times more years of service than did brick pavements constructed in the old way at about the same cost. The manufacturers of paving-brick have thus expanded their field tremendously simply by service to the consumer. And today, nearly every paving-brick manufacturer in the United States is oversold.

The examples of service which have been mentioned refer largely to work done by manufacturers of mechanical equipment and technical products. The manner in which this same service idea is being carried out by manufacturers and distributers in every line of industry could, however, readily be shown. In the class journal publishing field, with which I am particularly familiar, this service idea has become an accepted part of the business. The publications which are not in a position to offer it are going

backwards. Those which have developed it most completely are making the largest success. And so it will most certainly be ere long in most lines of industry.

One immediately noticeable feature of this modern method of selling has been the demand it creates for trained men of large natural ability. The salesman of the old school fortunately is passing. Men who sell machinery and equipment particularly have felt the need for a broader knowledge of their field. This need is growing at a remarkable rate as the service method of selling becomes more common. Sales managers in other lines of industry have sensed the potentiality of properly trained men in their selling organizations; men who can study the needs of their field; men who can assist in the development of products to anticipate these needs; and who can accompany and follow sales with expert advice on how products can be used most efficiently.

A very casual study of the list of men who have gone forth from the Engineering School of the University of Illinois since 1900 shows a surprisingly large number in sales work. The same holds true for the alumni of other technical institutions. The reason is very easy to find. The manufacturer of products more or less technical who uses service-selling methods finds he must train very much longer a salesman with a purely academic education than he must a man whose education has been along the purely technical side. Young engineers are by no means properly trained for such sales work. But as a class, they have proved beyond question to be the best trained men available for quick development in service-sales methods. The great need of progressive manufacturers and distributers generally is for men trained to develop rapidly in their service sales departments.

This need for trained men in selling work offers opportunities beyond the immediate appreciation of those not fully conversant with the situation. The selling end of any producing or distributing organization is the end which pays the best salaries. And it is the most direct route to

the executive positions and to financial control. With the rapid growth of service-selling methods that is at hand, this opportunity for the properly trained young man is most promising.

How men are best to be trained for specialized service sales work remains to be proved. The situation is quite comparable to one which existed in the engineering profession only twelve to fifteen years ago. About that time, there began the now strong demand for better public water supplies, better waste disposal, better housing, and better sanitation generally. There were no men specially trained to design, install and operate the vast works required. On the one hand was the engineer with his knowledge of materials and mechanics; on the other hand, the chemist and biologist with their knowledge of the natural processes involved in the purification of water, the disposal of sewage and the like. Keen minds in many engineering schools saw the demand for men with a training that embraced engineering, biology, and chemistry as applied to sanitation. As a result, we have now sanitary engineering as a fully recognized branch of the engineering profession. And in this branch the details of engineering, biology, and chemistry involved have unquestionably been advanced more rapidly than would have been the case if sanitary engineering courses had not been established. Furthermore, sanitary engineers are receiving continually better salaries and are in greater demand than are engineers of any other training.

In some similar manner the departments housed by the building we are to dedicate tomorrow will meet the need of properly trained men for service-sales work. This recently developed need, of such large opportunity to the men who will be fitted by these departments to take advantage of it, is merely one of the many tendencies in our modern methods of doing business. These trained men will have a chance through such tendencies to work with as much imagination, with as much enthusiasm, and with as much satisfaction as any artist ever enjoyed.

THE BUSINESS PROBLEMS OF AGRICULTURE

CHAS. A. EWING

When I received the program arranged for this occasion, and saw the names and number of distinguished and scholarly men who were to address you, I felt embarrassed. You will not, I am sure, think me so presumptuous as to lay claim to any part of your attention for myself. I am content to remain obscure that you may devote your undivided attention to my subject; for it, I have no apologies to offer; it needs none. In its importance agriculture stands easily first. With its welfare our own, whether as private individuals, or as a commonwealth, is indissolubly linked. We are here today to mark a new epoch in its development, and can rejoice in common over its progress.

The man with the hoe has cut a wide swath of recent years. He has been industriously working in many different fields, turning over much that is new and interesting. You will not be surprised to see him looking over the palings at this new field of endeavor, trying to find a gap in the fence, and wondering how it had escaped his notice so long.

It is less than a dozen years since the late Honorable L. H. Kerrick here dedicated to the master science of agriculture one of the largest buildings in the world ever devoted to that work. Only nineteen students were at that time enrolled in the agricultural course. Think of the vision of the men to whom it appeared wise to commence on such a scale, and their faith in its justification! Who would have believed then, that in the brief span of a decade that great building would be full and overflowing, wholly inadequate to accommodate the students crowding through its doors; yet such is the case.

Not by any means the least of the agricultural problems of the last, and of the next ten years, has been, and will be, affording the opportunity to all seeking instruc-

tion along these lines; where to find the teachers and professors, and where to get accommodations and equipment for their work.

Our turning from this Art of Arts to this Science of Sciences has been the educational phenomenon of our history. The discovery of this young giant slumbering quietly in our midst affected us a good deal as did Gulliver the Lilliputians. We set about capturing him with all possible haste, and making him fast before he awakened. Teachers, writers, and editors combined their forces and trained their batteries on him. Special trains were pressed into service to carry news from the front. So it still goes on.

The progress made has been as remarkable as the work itself. All that has been learned about soil and fertility, crops and tillage, the breeding and feeding of our domestic animals, has added wonderfully to our store of knowledge, and it is a source of just pride that our own state institution has been in the forefront of the contributors.

All this you say may be true; even so, why mention it on this occasion? If you will refer to the booklet in regard to this building you will notice on the cover it says: "University of Illinois, Commerce Building, devoted to the study of Economics, Commerce, Public and Private Finance, Railway Administration, Money and Banking, Business Organization and Management, Accountancy, Insurance, Statistics"; then there follows a row of little dots. They confuse some who do not know what they mean, but to those who are familiar with this institution, the contents of its charter and intention of its founders, the meaning is clear. They refer to the foregoing subjects, and should be translated thus: "in their relation to agriculture." It would have been better to print that instead of dotting it, as it has been intimated that agriculture did not belong in this department; that these other subjects needed the space; but that a corner might be found, provided it would come in quietly and create as little disturbance as possible. This reminds one of the story of the Arab who let the camel put just its nose inside his tent; and you all

remember how it ended. The development of the business side of agriculture will be commensurate with its scientific development, and in ten years—yes, in five, this building will not accommodate you all.

It is agriculture that affords the largest field of opportunity to all these subjects. Studied in their relation to it, let us hope that Economics will help us eliminate the great waste of time, labor, equipment, and produce which now occurs on our farms; that Commerce will aid us in solving the perplexing question of distribution, so that the farmer may receive a fairer share of the consumer's dollar, and still let the consumer's dollar buy more of what the farmer has to sell; that Finance will discover a way to overcome the fluctuation in value of from thirty to one hundred per cent of the great staple crops of corn and cattle, wheat and oats, which now occurs in a few months' time—usually the lower figure when the producer parts with it, and the higher before passing into the hands of the consumer; that Railway Administration will find how to relieve us from the car shortage which now seems to be coincident with the harvesting and moving of a crop. The time will come when the development of our waterways will be fostered by our railways. They will be glad to turn over to them, so far as possible, the big bulky freights, and devote their equipment more largely to the rapid, higher-priced freights—a benefit to all parties concerned. No less an authority than James J. Hill is quoted as saying: "For the expense of moving one ton of bulk freight one mile on wheels he could move it twenty-six miles on water; and equipped with proper terminal facilities, a boat would beat a box car to death!" In addition, this development would minimize our enormous annual loss from floods, and create a vast amount of power. Let us hope that Money and Banking will be able to extend credit to farmers on more reasonable rate of interest than they enjoy at present, as is done in other countries; that Business Organization and Management may get out into the country and revolutionize the present methods of doing business, introducing the

benefits of co-operation and teaching the value of the finished product over the raw material, and how to market it to better advantage.

Everything that touches our lives, every enterprise in which we engage, whether we live in town or in the country, sooner or later goes back to the industry which sustains us. The one petition common to us all, rich and poor alike, is the one standing first in our Lord's Prayer: "Give us this day our daily bread"; this one is fundamental to all the rest; on it they depend; about it they revolve.

We see everywhere about us the successful business of today studying its operations to render them more efficient. It must do so to survive. The degree to which it solves these questions largely determines the measure of its success. This is what will be done here. The various enterprises which are the subjects of investigation are studied to the end that people may engage in them with less danger of mistakes or failures; that they may be more prudently and efficiently conducted.

We all commend the wisdom of providing a place such as this, where the laws of commerce, finance, economics, and business methods can be studied and applied to various great enterprises such as railways and banking, in which we are all interested. Far better learn about them here than in the old expensive school of experience.

We have more railway mileage than any other state in the Union, but one, and the development of all these railways has much to do with the leading position we occupy. They affect directly the public safety, comfort, and business throughout the state, and we look to their officers, those men having control of their administration, for their safe and successful operation.

So with banks, modern business is impossible without them. They extend the boundaries of our operations enormously and open up avenues of trade which would otherwise remain closed. They operate so smoothly and quietly that we take them for granted, and seldom consider how great is the service they render.

Other enterprises there are as worthy of mention and investigation in a department of this kind as railways and banks, but like them are already highly organized as compared with agriculture; for greatly as we have increased our skill in its art, and much as we have added to our knowledge of its science, we have till now largely neglected the development of its business side. If these already highly organized enterprises are in need of such a building as this, how great must be the need of agriculture? Not for the sake of an invidious comparison, but that we may the better judge these relative needs and more fully realize the scope and importance of this work, permit me to call your attention to the following: Illinois has about two thousand banks; the last report of the Interstate Commerce Commission estimates that we have less than one thousand railway officials; while according to our Department of Agriculture, Illinois has over two hundred and fifty thousand farms.

The farmer on each one has charge of its administration. He is more responsible for its management than the railway officer is for the management of the railway, or the bank director for the bank. Each farm has its advantages and disadvantages, particular type of soil, and fitness for this or that branch of farming. Each is a factory, if you please, engaged in transforming the sunshine and rain and elements of the soil into the loaf for tomorrow. Each one is subject to classification and organization according to business methods and economic farm management, and each is ripe for investigation by such a department as this.

Imagine if you can a railway, a bank, or a factory, trying to conduct its business without a set of books, without an inventory or yearly balance, without figuring profit and loss. Yet this great complex business of agriculture knows but little of these things; it is trying to get along without them.

But few of those two hundred and fifty thousand farmers know what their overhead charge amounts to, or the per cent of dividend their investment is paying them. Pay-

ing satisfactory dividends is a problem which has not been simplified by a tremendous rise in land values and labor costs. But few figure the value of their own time and labor, or the cost of their equipment and its maintenance, the expense of keeping a team of horses, or the amount of labor they do in a year; and the great problems of buying and selling are practically untouched; so on *ad infinitum*.

The American farmer has had a tremendous task on his hands, and has won for himself the distinction of being the most productive man in the world *per capita*. He has had no opportunity for studying these things before, and therefore could not be expected to know them; but they demand his attention now. Pressing as is the need of this work we have not heretofore been ready to take up the subjects of Agricultural Economics and Farm Management; first, because we did not know enough about them. The very data which our experiment stations and colleges have been gathering in regard to the science of agriculture must necessarily come first, for of such is the foundation on which they rest; second, the realization of their need has not been sufficiently general.

The prevailing opinion seems to be that the young man coming over here to take a course in the science of agriculture will naturally acquire all the information he needs concerning farm management, and should be able without further instruction to select for his own use that information best adapted to his needs. Such a plan is not wise; that this may more fully appear let us consider the matter a little further.

In its beginnings agriculture was as simple as the primitive men who practiced it; nothing could be more so. In its higher development nothing could be more complex. Like a great body attracting those smaller about it, so agriculture draws unto itself the various sciences, and renders them subservient to its purposes. Enter any department in the college—soil, agronomy, horticulture, or any other you may choose (there are quite a number of them now and they will continue to increase)—they will trans-

port you to the outer confines of knowledge on that particular subject; for that is their specialty, and in the very nature of things they become specialists and see each and every farm problem through their particular shade of spectacles. To that extent they lose their perspective of the whole. Investigators at our experiment stations patiently carry on their search, the results of which are disseminated in the class room. The amount and diversity of this information is astonishing. You surely would not expect the young student to catalogue and arrange all this for himself.

The State of Illinois has invested freely in agricultural education and has never found a better investment; but if it is to reap the full measure of its reward, the information we have acquired must be made to flow back from our college and experiment stations through the channels of agricultural economics and business management, into practical operation on the farms. The place to begin is here. Start now, and it will take a generation to get it on the farms; for this is new wine and new wine must have new bottles. We all think too much of the old bottles in this case to want to risk bursting them; and besides, many of their stoppers are in pretty tight when you approach them on these subjects.

There is need, great need, of a department wherein the many facts and figures of the different branches of agriculture can be brought together, combined and put into operation to the best advantage. Certain of them have strong natural affinities and are best adapted to particular conditions, just as every farm has peculiarities of topography, fertility, and accessibility to market. The questions pertaining to these subjects are without number. Every new invention or discovery affects them.

This department is destined to become one into which all the fruits from the cornucopias of the others are emptied, sorted out and packed ready for distribution. Every student of agriculture will deem it essential to his course. I do not expect it to solve every problem he will

encounter when he gets back on the farm, but it will teach him to keep a record, to strike a balance, to take an inventory, to look for waste, to figure profit and loss, and thus to solve his own problems when he meets them. He will choose more wisely what he devotes himself and his farm to producing. It will make him more efficient and his farm more productive.

The last census shows an increase of twenty per cent in our population, and no increase to speak of in our farms. We are feeding this increase almost entirely out of the surplus which we formerly had for export. The present decade will see our transition from an exporter to an importer of foodstuffs—we, who only yesterday, were the granary of the world. It is hard to believe.

Within the last few days you have seen the tariff coming off our agricultural products in an effort to reduce the cost of living. So long as we had a big surplus this tariff reminded me of a tax on coals brought to Newcastle. It has this to recommend it, however; if it has not afforded us protection we will not miss it when it is gone. As our surplus disappears the farmer will be placed in competition with the cheap land and cheaper labor of other countries. These are some of the facts bearing on our present agricultural situation.

There was a time, and not long ago, when a man could be a failure on the farm from a business standpoint, and yet continue in business. He could farm so as to deplete the fertility of his soil and then move to a fresh farm. There was always new land to bring under the plow, and this took away the fear of competition. Land was so abundant and cheap that people were spoken of as being "land poor." This was a common complaint, but these days are passed and gone. Our farms are now occupied. Land is no longer cheap. Competition is sharpening its spurs for the farmer and he must hence forth stand up and be measured by the rule of modern business efficiency. He must be able to cope with these changed conditions; if he falls short he will have to give way to some one more capable. No matter who farms it the land will

belong to the man who can manage it profitably. Therein lies a danger of his being exploited as farmers have been in some countries, even in the southern part of our own country; if not exploited, he must descend from owner to tenant, or from tenant to hired man.

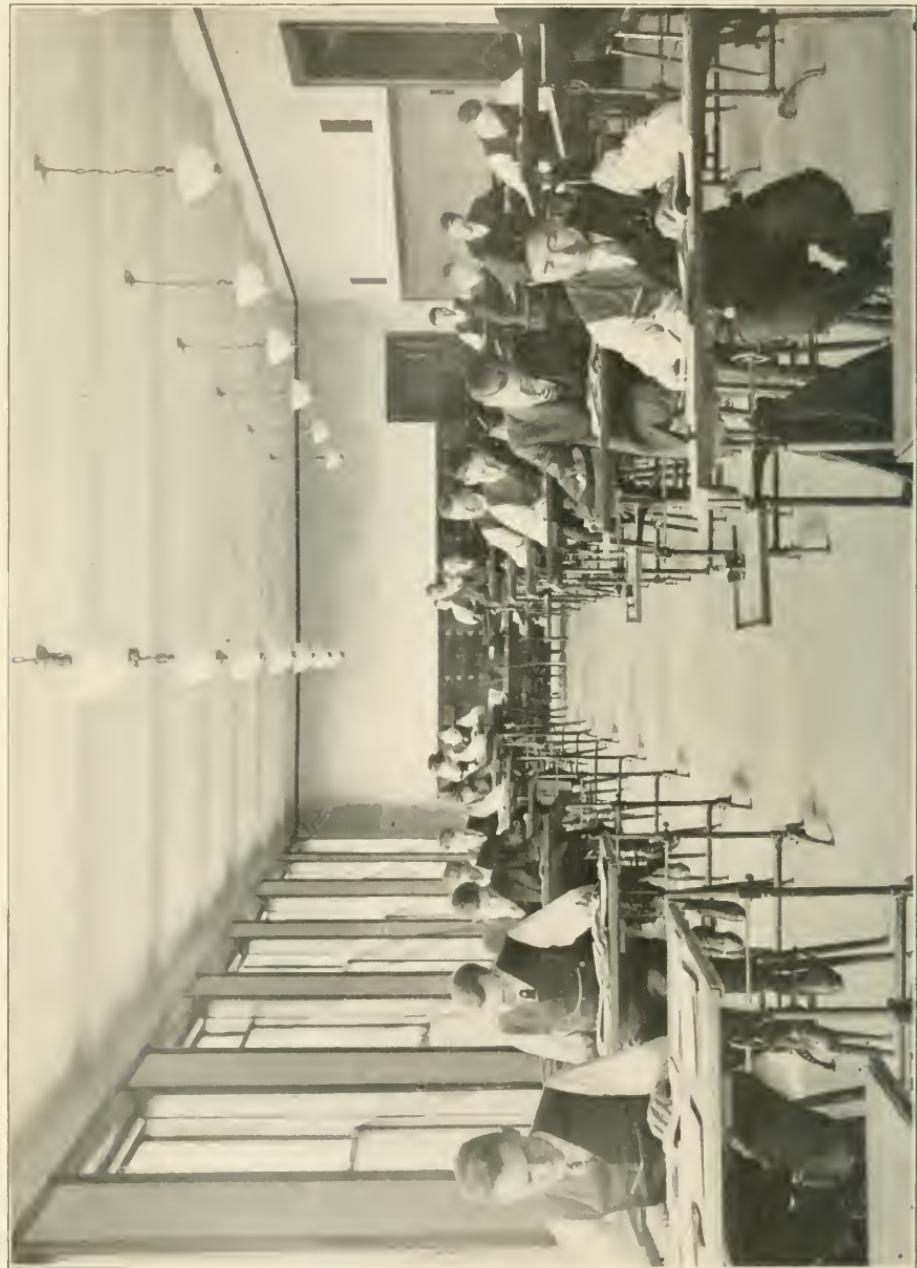
In the face of these conditions it would be well to profit by the experience of those older agricultural countries. From the French we can learn a great lesson in economy; from the Germans, intensive methods and rural credits; from the Scotch, thrift; from the Danes, the value of co-operation; from them all, much about marketing. But in some of these countries the acre, so to speak, has become the standard; in our own may it ever remain the man! For man does not live by bread alone, and with no country I have ever seen would I exchange our standard and ideals of rural life. To preserve these and afford the opportunity for their continued development and elevation is our chief concern. All other agricultural problems are of minor importance. Accomplish this, and you accomplish all; for whether or not the answers to the questions which now perplex us are difficult, depends most largely and directly upon the kind of men who undertake to solve them.

Show me a community where the problems of the country church, the country school, or country road have become acute, and I will show you a community where the short-term tenant farmer predominates, and which is largely made up of agricultural "stand-patters" instead of "progressives." The best farm community exists where the men who own the farms live on and operate them. There you find the sort of farm homes that constitute the backbone of our country. They are the cradle of its best citizenship. There is something about their environment that gives them a high educational value, and develops habits of industry, economy, patience, and perseverance—traits of character which are inestimable.

It is this life we would preserve in its highest and best. We are now lifting the latch on the door to its new opportunity. The way lies here.

SECOND SESSION

**BUSINESS ADMINISTRATION IN ITS RELATION TO
PUBLIC AND PRIVATE WELFARE**



ACCOUNTANCY ROOM

WHAT A BUDGET MAY MEAN TO THE ADMINISTRATION

FREDERICK A. CLEVELAND

Chairman of the Commission on Economy and Efficiency

Before going into this subject I wish to emphasize the fact that the budget, as the term is understood where real budgets are used is essentially an executive document, and as such is to be clearly distinguished from an act of appropriation. It is to the Government what the annual report of a president of a board is to a private corporation.

The budget an executive document.—The primary purpose of a budget is to provide a means whereby the officers who are in everyday contact with the business may give information to other officers who do not have everyday contact, but who meet periodically as a body for the purpose of considering and deciding questions of policy. In government it is the evolutionary product of a democratic regime which has insisted on:

Accountability for funds granted, and a declaration of purpose before further grants are made.—In other words, it is a statement and declaration by means of which responsibility for infidelity, inefficiency, and waste may be located. *Responsibility* is to the electorate. *Accountability* is to be enforced through critical review by the legislature. The *declaration of purpose* must be made to a group of representatives of the people who hold the purse strings. Responsibility to the electorate can be protected and enforced only through knowledge of facts, and the Executive is called upon to furnish them. Knowledge of facts can be obtained by the Executive only through records and reports, and for his own protection he must know that these are complete, accurate, and up-to-date. It is essential to a declaration of purpose that plans must be made and estimates of cost must be submitted. Through a budget the Executive may also be made responsible for recommending how revenues are to be raised. In any event, he must

determine that his plans fall within the range of possibility of accomplishment. All of these processes or steps are incidental or collateral to the preparation and submission of a budget.

Collateral steps to a budget procedure.—In this country we have had all of the incidental or collateral steps to a budget procedure, but we have never had a budget, i. e., in the sense that the term is used abroad. We have never had a definite statement of affairs and a definite statement of executive proposals submitted by the responsible head of the administration in budget form. Each of the collateral processes or steps has at one time or another, or in one place or another, been called a "budget." Departmental summaries of estimates prepared by some irresponsible administrative officer or board; bills of appropriation prepared by committees of the legislative branch; acts of appropriation by the legislative branch, unassociated with revenue measures; revenue measures combined with acts of appropriation—these are among the collateral steps of a budget procedure, each of which in this country has been given the name of "budget." From all of these procedures, however, the real and only effective means that has ever been devised by democracy for locating and enforcing responsibility—the budget itself—has been lacking.

Our Government irresponsible.—And so in this country we have not had responsible government. We have tried all the methods that have been worked out in countries where a budget practice obtains except the budget itself. In our effort to locate and enforce responsibility we have provided for the separation of governing powers; for the centralization of executive power in a single elective officer; for the centralization of executive power by making practically every head of department elective; for the consolidation of both legislative and executive powers that theretofore had been separated; for the utilization of agencies outside and independent of both of these and in some instances outside of the Government itself—we have done everything to locate and enforce responsibility except

to adopt the very simple and practical expedient of requiring that the legally responsible head of the administration shall submit each year a statement which shall be used by the legislative branch as a means whereby the administration may be actually held responsible for rendering a satisfactory account and for judgment in the preparation and submission of plans for future expenditure—a basis for considering whether or not the Executive is entitled to confidence and further deserves the support which is asked for by him.

Constitutional prescriptions violated.—In this relation it may be helpful to reflect a moment on the fact that the reason for the absence of the budget system in this country is not to be found in our fundamental law. Each of the elements essential to a budget has been definitely provided for in the Constitution of the United States. Taken together, the mandatory provisions of the Constitution on the subject will almost in exact words define a budget. The Constitution prescribes the means for enforcing accountability by requiring that “a regular statement and account of receipts and expenditures of all public money shall be published from time to time”; it prescribes the means whereby responsibility for judgment in executive planning may be enforced, by requiring that the President “shall from time to time give to Congress information on the state of the Union and recommend to their consideration such measures as he shall deem necessary and expedient.” Lest the powers of the President to obtain the information needed might be impaired, the Constitution gives to him the power to “require the opinion in writing of each executive officer in each of the executive departments relating to the duties of their respective offices.” Thus responsibility for the preparation and submission of a budget is definitely located, and the Chief Executive is given the power by means of which he can enforce this upon his subordinates. The power of the President as the responsible head of the administration, to obtain the information necessary, is placed beyond the control of Congress, as is

also his duty to submit to the Congress and the country such information with such recommendations as by him may be thought "necessary and expedient." He has been given all the powers of a Prime Minister; he has the powers of a real Chief Executive instead of a nominal one, both in administration and in budget making. And the first acts of Congress, following the British precedent, evidently contemplated that we would have in this country a budget which would be prepared and submitted by the executive branch. Notwithstanding this fact, a budget was never prepared and submitted until the last days of the last session of Congress and then as a belated product of a retiring Executive.

Why we have not had a budget.—Why have we not had a budget? There is no charter reason for not following the British precedent. The broad theory of the Constitution of the United States and of the Constitution of Great Britain is identical. Both assume that the Government as a corporation holds the properties and administers the public funds as trustee; both assume that the officers of government are merely agents or public servants, without any rights of their own that are incompatible with service—that they are responsible to the electorate for serving the public with fidelity, for developing efficiency in the organization, and for giving to the people the best possible service at the lowest possible cost.

The essential differences between the English and American Constitutions are to be found in two features of organization:

1. In England there is a divided Chief Executive, whereas in the United States all executive power is vested in the President.
2. In England the Prime Minister, as the responsible head of the administration, has an indefinite tenure subject to recall by the King or by the House of Commons, while in the United States the President has a fixed tenure, and succession is made to depend on popular vote.

Our system well adapted to executive leadership.—In these differences, however, no reason is found for not having a budget. The fact that we have a single executive gives to the President greater power as a leader and, therefore, greater reason for employing the means necessary to becoming efficient. In his power of appeal to the people he has been given a great tactical advantage over Members of Congress. He is the one person regarded as representing the dignity and power of the Nation; he is the one person who can claim the attention of every man, woman, and child; when he speaks, the President is heard by every citizen elector. The fact that the President has a fixed tenure still further fortifies him for leadership. Under such circumstances a great constructive leader may undertake measures that he would not dare to propose if he were subject to recall by the legislative branch. If his budget proposals are denied by Congress, then he may carry on a campaign of education and force the members of the lower house and at least one-third of the Senate to stand for re-election before he must again go before the country for electoral support. If during his tenure he can demonstrate that he is right, the country has the advantage of his constructive effort and will support the policies which he represents. At the same time if he is wrong the constitutional barriers against usurpation of power are adequate to prevent the President doing anything for which he cannot obtain a majority following.

Reasoning from British analogy.—Those who would argue against the budget as an executive document may urge that the primary reason for a budget in England arose from the difficulty experienced in dealing with a hereditary ruling class—a class which has obtained its status by conquest. This may be admitted. There, a hereditary class having been incorporated into both the legislative and executive branches of the Government, the most difficult problem that the Briton had to solve was to provide the means for making Government responsive without frequent appeal to revolution. The organic method

of solving his problem was to divide the personnel of both branches and enforce responsibility through the non-hereditary or elected official class. The means of enforcing responsibility on the hereditary class was to give to the elected personnel of the legislature, who had a limited tenure, control over the purse and to make the Prime Minister as the responsible head of the administration subject to recall either by the King or by the House of Commons.

But the Briton went one step further. Since the elected personnel of his Government was to be held responsible to the people, a procedure was also devised for clearly defining the issues to be discussed. And with this in view the Prime Minister was compelled each year to submit a budget. If the Commons did not controvert the proposals of the Executive, then no issue could be raised until the next parliamentary election. But, if the Commons refused to accept any material part of the Government's program as submitted then the issue would be clear. The result was to develop in Parliament a pro-administration and an opposition party. And since the Executive was without a fixed tenure, if the opposition constituted a majority of the Commons then either the Prime Minister must resign or the King could prorogue the Parliament and force the issue before the country.

The budget a procedure for defining political issues.—The budget therefore is to the political court of first instance (the legislature) and of final appeal (the electorate) what established judicial procedure is to courts of law and equity. That is, a budget is an orderly means whereby issues between contesting parties may be defined, and with reference to which facts may be adduced and arguments made before decision is asked for at the hands of those who are responsible for the expression of public opinion on matters of government.

Historic reasons for not having budget procedure.—Our reason for not having developed a procedure for clearly defining political issues in this country must be found in historic facts rather than institutional principles. The

first historic fact that confronts us is an assumption on our part that our Constitution is so far different from that of European countries that officers will necessarily be made responsive to public will without a legal procedure by means of which political issues may be defined. We did away with the hereditary class in both branches of the Government, we made our Prime Minister (the President) elective—not by the more popular house of the legislature but by an independent electoral college; we gave to officers of both branches a fixed tenure which would automatically return them to the people. This constitutional provision was deemed all sufficient.

A second historic fact also confronts us, namely, that the dominant attitude toward the Government was that it should be controlled by ideals of *laissez faire*. Since the Government was to *do nothing* except to look after matters of diplomacy, provide for national defense, operate a few general utilities such as the post office, and raise revenues, there was no administrative policy at stake. The matters of policy which engaged popular attention had little to do with expenditures. The questions to be settled were those of constitutional interpretation, taxation, the disposition of the public domain and the like. And, so long as *laissez faire* remained the dominant theory in political discussion, Congress had the advantage. Congress held the purse strings. Since we were without executive leadership, Congress came to decide all questions as an incident to making appropriations. It decided what should be done; what organization and equipment would be provided; what amount of funds would be voted to the Executive; how many persons could be employed and at what salaries; what could be bought; matters of promotion and demotion; contractual relations—practically every subject of administrative discretion came to be hedged about with legal conditions or personal understandings, so that the legislative committee came to be everything and the administrative officer nothing.

The further result has been gross inefficiency in administration, and gross waste of public revenues, and with public opinion dormant on matters of administration it was only natural that the legislative branch would see to it that the President as the head of the executive branch was not provided with the means whereby his position of tactical advantage for leadership might be utilized. At least Congress is not to be harshly criticized because it did not take the initiative and provide the means to the Executive whereby he would be able to avail himself of his advantage.

Furthermore, so long as the need was not felt for executive leadership, Congress has had a constitutional advantage as a matter of organization. The Congress is a numerous body; the President is a single individual; Congress in its own personnel had the means of effecting a powerful organization for purposes of inquiry and investigation; the President did not. What happened was just what under the circumstances might be expected; Congress having organized itself into many committees for the purpose of reviewing the acts of the administration and of considering questions of policy, it gradually took over to itself control over the subordinates of the President. For purposes of review it called not on the responsible head of the administration for an accounting and for a statement of proposals which might be considered necessary for determining what supplies should be granted or what organization and equipment should be made available, but it called on each of the hundreds of subordinates of the President to meet with their committees. While Congress provided its committees with the means for obtaining from executive subordinates the information needed to guide them in determining their own action and to limit the use of executive discretion, they gave to the Executive no effective means which he might use to keep in touch with what was going on or to obtain information about details necessary to constructive executive leadership. The President sat by and said nothing while this development was going on; and instead of becoming the effective head of the adminis-

tration largely through the exercise of his own appointing power and his veto, he came to be the head of an outside non-governmental agency that had been organized for the purpose of controlling the electorate—the constitutional agency to which both he and Congress were made responsible. By so doing efficiency in the administration was made impossible, because the conditions were not present for the development of expertness in the handling of details of business, and there grew up all the elements of waste incident to an unco-ordinated, warring, demoralized bureaucracy which was used as a buffer between contending partisan and personal forces.

Conditions present which demand executive leadership.—Times have changed. When the inheritance of the people, the public lands, had been given away; when *laissez faire* had caused the Government to stand by for such time that our national resources had become almost completely reduced to private ownership; when, through processes of legal incorporation, aggregations of capital in the hands of the few had gained control both over production and the facilities for distribution; when population had become massed in centers of industry—a new thought was born, new not to the Old World but to America. The doctrine of *laissez faire* was forgotten. The people turned to the Government as the only agency able to protect them, whose purpose was to promote the general welfare. Increased demands were made on the Government to *do something*. In response to demands made through representatives, one new activity after another sprung into life. Bureau organizations and field services were multiplied; public expenditures increased by leaps and bounds. Even with a high protective tariff and in times of great trade activity, with fast increasing revenues, the expenditures came to surpass the national income and to threaten a Treasury deficit. Accompanying the increased demand for expenditure were also insistent demands for a readjustment of revenues—a readjustment through which the cost of public service might be equated without fostering monopoly. On

the one hand, the Government was confronted with a past policy of social injustice to be corrected; on the other, with the need to reduce the enormous waste of public funds.

The demand of the time is a demand for a leader who will also be an Executive—a demand for a master mind which can do for citizenship through the Government what master minds have done for shareholders through private enterprise. In the spirit of discontent the people have been seeking a President who will realize this desire—a President who will undertake to direct and control the governmental activities, to the cost of which citizens are contributing \$1,000,000,000 a year with a single purpose—that of giving to the people efficient service and of making every dollar give a good account of itself.

Under these circumstances there has been an increasing demand for a budget system, similar to that which has proved so effective in other countries. But in the promulgation of such a system it may be assumed that the official motive will be quite different from what it has been abroad. There a budget procedure was forced on an irresponsible hereditary Executive; here in America it will come as a means of locating responsibility as between different branches of an elected personnel. There it has been developed as an instrument of executive leadership in the hands of a Prime Minister; here it would serve an independently elected Executive by providing the means whereby he may become a leader in the constructive reforms necessary to make the Government an effective instrument of welfare instead of an instrument of special privilege.

Advantages of a budget system to the administration.

—It is not for us at this time to go into the many practices which have made for inefficiency and waste in our Government under a system of congressional management, but rather to consider more concretely what are some of the advantages that a budget may hold out to the Executive and to those under him who are responsible under the Constitution for managing the details of public business.

A budget requires executive leadership.—What we have lacked in this country is responsible leadership. We have been a nation of irresponsible parties as well as of irresponsible government. It has been frequently said that our political platforms have been made to “run on” and not to “stand on.” A budget requires that the Chief Executive shall each year make a statement with respect to the past performances and tell the country what he proposes to “stand on” when he asks for further supplies. This is the alternative to placing the initiative in the hands of irresponsible legislative subordinates and decision as to what support shall be given in the hands of irresponsible legislative committees.

A budget necessitates executive protection against criticism.—Responsible leadership carries with it responsibility for protection against criticism. In our political system the legislative body is expected to give support to proper requests and to refuse support for purposes which will not be approved by the electorate. This is the responsibility of the legislator. He is not called on to initiate proposals for support. In an institution where the legislative branch must assume responsibility for looking critically into the acts of the executive branch the necessity for protection of the Executive against criticism becomes imperative. When the Executive assumes responsibility for leadership he must obtain the support of the majority of the legislature; under such circumstances opposition to executive leadership becomes well organized, and the only protection which an Executive can confidently hope for is to be found in his ability to obtain first knowledge of conditions—in providing himself with the means whereby he may obtain information about matters of current business currently. By means of complete, accurate, and prompt reports he may keep before him the picture of what is being done by subordinates; he may have this weeks, perhaps months, and even a year before the acts of the administration are to be reviewed by the legislative committees. In other words, the only protection which an

Executive can have is to provide himself with the instruments of precision which will enable him to have exact knowledge of tendencies toward results which may be criticized. This will enable him intelligently to direct and control, to correct errors, overcome inefficiency in management and personnel, and prevent waste, while work is in progress and before it is too late for defects to be mended.

A budget makes a general system of accounting and reporting essential.—By placing responsibility for leadership on the Executive the most natural result is that the Executive will see to it that he is provided with a staff organization and with the funds necessary to the development and installation of a system of accounting and reporting through which complete, accurate, and up-to-date statements of fact about current business may be made available. In case he finds that he is not so provided, he is bound to make an issue of it before the legislature at the time funds are requested, and, if support is not granted, to make an issue before the people. A Chief Executive must insist on having brought to his desk regularly a balance sheet; he must insist upon having laid before him an operation account which will show tendencies and relations of income and outgo from month to month, or, if need be, from week to week—statements which will point the finger to any new or significant developments that suggest executive inquiry; he must insist on having heads of departments and their subordinates provided with analyses of cost, and reports by means of which expenditures will be interpreted in terms of unit standards for judgment in order that inefficiency and waste may be detected and corrected. Without such information efficient administration is impossible; without it executive direction and control may not be exercised; neither is it possible for the Executive to submit to a reviewing body a statement of affairs with estimates of cost of future work which will not leave him open to the most serious criticism. The submission of an annual budget, which must carry with it a statement

of affairs as well as estimates for future work, makes it impossible for appropriation bills and organic legislation to be formulated on personal and local issues; it would make it impossible for officers to put through what are known as "pork barrel," "logrolling," and "rider" measures. Instead of every question being decided behind closed doors and in the dark, without a statement of issues, or of facts supporting them:

1. The Executive would present a well-considered welfare program, fortified by a brief on the facts.
2. The opposition in the legislature in its critical examination of the proposal and the brief submitted, through the accounts and reports, would be able to get the issues before the people.

The accounts and reports developed by the Executive for his own information and protection would also provide the means for the most painstaking, critical review of official acts.

Necessitates the development of an efficient personnel.—Knowledge of what is being done is not sufficient. To protect himself the Executive must also have an organization which is competent to perform the various technical services with which he is charged. Given executive leadership and responsible government, there is no surer way for the head of the administration to obtain condemnation for subversion of the public trust in which every citizen is interested than for him to yield to the importunities of persons who are asking for favors, for partisan or selfish reasons. Given executive leadership, a civil service based on merit is the natural result. In European governments this has been brought about by leaving the permanent or expert personnel under the hereditary Executive, and placing the political personnel, the Cabinet, under the Prime Minister. Being without a hereditary Executive, we have attempted to develop a permanent expert staff organization under regulations prescribed by a permanent

executive staff called a Civil Service Commission. But, under the system of irresponsibility such as has obtained in the United States no civil service law could be framed which would be proof against partisan and selfish influence. Officers of Government have obtained prestige by developing what is known as "patronage," rather than by giving attention to the upbuilding of the public service and rendering it efficient in the performance of the functions with which the Executive is charged. In other words, Government has been regarded as an opportunity to dispense personal favors. Although the Executive may be given a staff or permanent commission for improving the conditions of the service, all the forces which play upon this agency are for the purpose of reducing the executive staff to subservience to irresponsible persons—of making the personnel so many tools in the hands of those who are seeking to use the Government for personal ends. Make the Executive responsible for every act and proposal, and enforce upon the Government the necessity for using the means for telling the story of inefficiency to the people when inefficiency exists, and the whole situation will be changed. Public service may then become a career for those who wish to become efficient public servants.

Requires adaptation of organization to work to be done.—When responsibility for leadership is in the Executive, he is interested not only in the development of an efficient personnel but also in an organization which is adapted to the development of expertness in management. Under such circumstances it would be inconceivable that departments would be organized as they have been in the Government of the United States. If the Executive is required to assume responsibility for leadership, what reason could be given by the Executive to the public for duplication and overlapping of organization; for conflicts in jurisdiction; for bringing together under one head wholly unrelated services; for the development of institutions around one man or another who might have influence with a particular committee in Congress in utter disregard of

the relations of the man or of the institution to the other functions to be performed by the department in which the new service is to be located? What Executive would care to assume responsibility for advocacy or even defense of an organization in the executive branch of the Government which makes it the duty of the Departments of the Treasury, Agriculture, Commerce, Labor, Interior, State, War, and Navy to look after matters of public health? What Executive would assume responsibility for not calling attention to such organic law as makes it necessary for seven departments and one independent establishment to assume responsibility for providing the facilities for public transportation? Given responsible government, what Executive would sit by and not raise the voice of protest when he finds that he has placed upon him such incongruous services as are grouped together in the Department of the Interior? The historic reasons for such an organization may be accepted, but the fact that no Executive can develop expertness in the administration of an institution whose kindred activities are so grouped that he cannot prevent the conflicts, the duplications, and the waste which at present exist would be a compelling reason for his making an issue. And in raising such an issue he would go with confidence before the people, expecting that he would receive support, whereas he would as certainly know that a continuation of such a regime could bring to him nothing but condemnation.

Conclusion.—In a word it may be said that a budget means the placing of our Executive in the saddle with respect to all questions that are executive or administrative in character; it means assumption of responsibility for direction and control by the Chief Executive; it means leadership on the part of the Chief Executive in obtaining the support necessary to efficiency and economy in management; it means that the moneys contributed by the people will be effectively used for welfare ends; it means that those who look to the public service as a career may be surrounded by conditions essential to the development

of expertness in rendering the public services for which the Executive is to be held responsible. Although a budget is only a procedure, it is one which is as essential to the accomplishment of the welfare purposes of the executive and legislative branches of Government as is a well-designed judicial procedure to the accomplishment of the ends of justice in our courts.

ORIGIN AND PROGRESS OF BUSINESS EDUCATION IN THE UNITED STATES

EDMUND J. JAMES

President of the University of Illinois

We are gathered here in honor of an event which marks another mile-stone in the progress of a great educational movement, which may be tersely described as that for the university education of business men.

I do not know that I can make any better contribution myself in the exercises of this occasion than to take a brief view of the origin and progress of this movement.

On November 15, 1889, William H. Rhawn, President of the National Bank of the Republic in Philadelphia and member of the executive council of the American Bankers' Association, sent out a communication to the members of the Association calling attention to an experiment which was being tried in the University of Pennsylvania, under the name of the Wharton School of Finance and Economy. This experiment had been proceeding for some six or eight years, being the outgrowth of an endowment offered by a distinguished citizen of Philadelphia, Mr. Joseph Wharton, in order to enable the University of Pennsylvania to offer facilities for obtaining:

1. An adequate education in the principles underlying successful civil government.
2. A training suitable for those who intend to engage in business or to undertake the management of property.

This attempt to furnish a university training for men who intended to go into banking, insurance, merchandising, railway administration, etc., etc., including all branches of business and commerce, was the first well-thought-out, clear, definite proposal to make our universities the center for the higher training of business men in the same sense in which the historical universities have been the centers for the training of physicians, lawyers, clergymen, and

teachers. At any rate this is the first definite proposal of this sort concerning the enlargement of university instruction in our American institutions backed by the provision of some means, however inadequate they prove to be, for carrying out this undertaking.

The University of Pennsylvania at that time consisted of a college of liberal arts, and an engineering school, with professional schools of law, dentistry and medicine, in a more or less organic connection with the first two named departments. The college which determined the sentiment and general educational policy of the institution was an old-fashioned college of liberal arts; the attention of which was almost exclusively concentrated upon the promotion of the classics and mathematics, with considerable recognition of modern subjects, such as natural science, history, and economics.

The members of the faculty were men whose education had been primarily classical; whose instincts were against the attempt to make university education practical, and who looked upon all such attempts as this proposed by Mr. Wharton as covert attacks upon the very principle of higher education itself. They were not familiar with the idea underlying Mr. Wharton's proposal. They were opposed to the whole purpose which Mr. Wharton had in mind, thinking that the future business man might acquire his education in the so-called commercial college, or he might succeed without any education at all, or at most he might take the traditional classical training as a means of general culture and go into business without any special or specific training whatever.

It was to this sort of a faculty that the conduct of this experiment was entrusted. It is no wonder that in its inception it was a failure. The income from Mr. Wharton's foundation was used to increase salaries of men already on the staff who gave no additional instruction whatever because of that increase, or if they undertook to give instruction along the lines of Mr. Wharton's suggestion, they were attempting to teach where they had not learned,

to lead where they had never followed, to act where they had never thought.

The first result can therefore only be described as a failure which led to a reorganization of the department which had been named the Wharton School of Finance and Economy. Beginning with the autumn of 1883 the work was put on an entirely different foundation. Albert S. Bolles, the well-known writer on financial and economic subjects, had been added to the faculty in the previous year for the purpose of planning and working out a reorganization. Robert Ellis Thompson, a most brilliant teacher and lecturer, the author of a work on political economy from the standpoint of Henry Carey, John Bach McMaster, the American historian, and myself were appointed to constitute, as it were, the nucleus or backbone of this faculty of special instructors in this particular department.

The problem was by no means an easy one. Two or three of us had a deep, abiding interest in the task which had been appointed to us—that of working out a university curriculum which it would be worth the while of the future business man to complete before he took up the actual work in the counting-house, the bank, the insurance office, the railway office, etc., in the same sense in which it would be worth the while of the physician to take the medical course or the lawyer to take the legal course.

There were no models which we could follow. There was no experience from which we could profit. The funds themselves were very inadequate for the purpose in hand. The other departments in the University and most of the other members of the faculty were bitterly opposed to the whole project. And even if they did not actually interfere to prevent the progress of the work, they stood with watchful, jealous eyes to see that no concession of any sort should be made to these new subjects which, in their opinion, might in any way lower the level of scholarship as the ideal had been accepted by the upholders of the traditional course.

These men are not to be blamed for the position which they took. And while I lived for years in an atmosphere of fierce contest over nearly every element necessary to the development of this school, I have never felt toward any of the men who were ranged on the other side of the struggle anything except recognition and appreciation of the high standards of culture and scholarship which they nourished and cultivated and of the high ideals which they thought could only be sustained by devotion to traditional subjects in traditional ways.

The work of the Wharton School of Finance and Economy was, in the first place, confined to the two upper years of college, the junior and senior; being based upon the preliminary education during the first two years which any other college in the University might furnish.

It quickly became evident in the actual outworking of this experiment that Mr. Wharton's idea as to the lines along which this school would develop was singularly prophetic. It was the outgrowth of his own experience as a business man, shot through with that touch of imagination and vision of the prophet which this singularly gifted man possessed in an unusually high degree.

Speaking generally, the foundation of this work, or to vary the simile, the backbone of the same, was to be found in the study of economics, using that term in the large sense, and the fundamental subject was theoretical economics—the scientific study of the phenomena of human society from the standpoint of the creation, distribution, and consumption of wealth; this followed by the application of these principles in all the different directions in which the growing, expanding intellect of the modern man is finding such applications—accounting, insurance, merchandising, railway management, banking, etc.

I cannot go into this subject in any great detail. It is not necessary to do it here. But beginning with the autumn of 1883 we had a group of men in this department who had formulated to themselves the distinct problem of working out such a curriculum. The problem, of course,

was not to be solved in five years or ten or twenty or even twenty-five years. Indeed such a problem is always changing and expanding, always being solved and never completely solved. But we at any rate, I think, may claim the proud satisfaction of having contributed to the solution of the problem by that first most important step of formulating and then trying by actual application in the teaching of these subjects to work out a practical curriculum which would appeal to the man who wanted a higher training for business life.

The difficulties were many, aside from the opposition of the historic or traditional departments, which after all could only prove to be temporary—the difficulty of course lay in the problem itself. To find a suitable subject-matter, to make it into shape, to elaborate it, to find properly trained men to present it—these were the real difficulties which made the early years of this experiment times of such strenuous and continued activity. First we had four students and four professors. Then we had fourteen students and then forty and so the number grew, slowly but solidly—that is, the idea was spreading abroad in the community. Some of the students in the institution who were not satisfied with the courses they were pursuing found here what afforded them the highway to the highest training and the best results, and some students with whom other departments were not satisfied were thrown out of them and into ours as the newest department of all, until the nickname which the Wharton School of Finance and Economy had was Botany Bay. It didn't take it long to change the aspect of things in this respect, though the name clung to us for some time longer. Students from other cities and other states began to hear about this course and wonder whether this was not the work which they desired. Some of the sons of the old Philadelphia families, and what this means in the city of Philadelphia, only those of you can conceive who have lived in that city, came into this course, were pleased by it, graduated from it, went into the offices and counting-houses of their fathers and spread about the idea that this was a good course.

It was this sort of thing which first attracted the attention of Mr. Rhawn and led him to look into the matter more carefully. He became convinced that here was something which it would be worth his while to call to the attention of his colleagues in the American Bankers' Association. He happened to be a member of the executive committee. He therefore got out a statement concerning the Wharton School of Finance and Economy, appending to it the communication which Mr. Joseph Wharton had sent to the trustees of the University of Pennsylvania with his deed of gift of one hundred thousand dollars for the endowment of this project.

Mr. Rhawn sent this report on the Wharton School to the members of the Association with a request for any suggestions which they might have to make on this subject. The result was an invitation to myself to give an address before the American Bankers' Association at its session held September 3-5, 1890, in Saratoga Springs, New York. This gave me an opportunity to present to the members of this influential organization the whole idea of the university education of business men and to defend before them the proposition that the American university ought to organize such courses of instruction in commerce and business as would make it worth the while of any young man who was aspiring to the largest kind of success in these great careers to complete this curriculum of study at the university before going into the practical work of these callings.

The ground was already prepared in a certain sense for the seed. The growing complication of political, industrial, commercial, and social life in the United States had been turning the attention of the American people to the necessity of profounder study of all these subjects if we were going to solve the great problems of our national life. Courses in economics and politics and sociology, though not under that term, had already been worked out in considerable detail in some of the leading American institutions and these subjects were all represented by elementary

courses, at any rate, in economics in nearly every American college. There was a great sentiment in favor of a large extension of the facilities for the investigation and instruction in these subjects throughout the country.

The result of Mr. Rhawn's active interest in the subject was the appointment of a permanent committee of the Bankers' Association on schools of finance and economy, of which Mr. William H. Rhawn was chairman—the other members being George S. Coe, Lyman J. Gage, and Morton McMichael—and the following resolution was adopted by the convention:

RESOLVED, That the American Bankers' Association most earnestly commends, not only to the bankers, but to all intelligent and progressive citizens throughout the country, the founding of schools of finance and economy for the business training of youth, to be established in connection with the universities and colleges of the land upon a general plan like that of the Wharton School of Finance and Economy of the University of Pennsylvania, so ably set forth by Professor James in his most admirable address before this convention.

RESOLVED, FURTHER, That the executive council is hereby directed to carefully consider and if possible devise some feasible plan whereby this Association may encourage or promote the organization of a school or schools of finance and economy among our institutions of learning, and report upon the same to the next convention.

These resolutions had been proposed by Mr. Rhawn on September 5, 1890, and had been warmly seconded by Mr. Edward Atkinson, the well-known publicist and by other members of the Association; some of whom, by the way, were members of boards of trustees of leading American institutions.

In pursuance of the authority given to this committee a pamphlet of forty pages was published on January 1, 1891, entitled "Education of Business Men," containing the address which I had delivered before the Bankers' Association at Saratoga Springs, September 3, 1890, the plan

of the Wharton School at the University of Pennsylvania, and the proceedings of the Association relative to the subject of my address, and concerning the founding of schools of finance and economy, all prefaced with an address of the committee respectfully inviting from the members of the Association and bankers generally, and from all friends of the cause of education, such expressions of opinion and suggestions as might aid the committee in its work under the resolution.

Copies of this pamphlet were mailed to all banks and bankers, as well as members of the Association, to leading newspapers and journals and to the universities and colleges of the land. Additional copies were also sent to the universities and colleges in the following October with a special circular addressed to them renewing the request for expressions of opinion as to the value and feasibility of establishing a school or schools of finance and economy.

In response to these pamphlets and circulars, as well as to earlier pamphlets concerning the plan of the Wharton School of Finance and Economy sent in 1889 and 1890, encouraging notices appeared in the press of the country and a large number of letters were received by the committee from bankers and editors, including some of the most distinguished, in which the founding of schools of finance and economy was most highly commended and urged in the strongest terms.

At the meeting of the American Bankers' Association held in New Orleans in November, 1891, all this matter which had been collected by the committee was submitted for the consideration of the Association. It was suggested that it would be well for the Association to cause an examination to be made into similar schools abroad by sending some man to Europe for the purpose, who could give the results of his investigations in an address at a future convention, from which it could go forth with the added emphasis of the endorsement of such an organization. In this manner the Association could, at small cost, do inestimable service to the cause it sought to promote, namely,

the education of business men. And it was recommended that a standing committee of five, to be known as a committee on schools of finance and economy, be appointed which should be especially charged with all matters relating to the encouragement and promotion of schools of finance and economy, and to which all matters shall be referred, which committee shall report prior to the annual convention or oftener as may be required.

At the meeting of the executive council of the American Bankers' Association held in New Orleans, November 10, 1891, the report of this committee on the Wharton School of Finance and Economy was approved and the Bankers' Association adopted a resolution authorizing and directing the executive council to appoint a standing committee of five to carry out the recommendations made in the report of the committee on schools of finance and economy. This committee consisted of William H. Rhawn, George S. Coe, Lyman J. Gage, Morton McMichael, and George A. Butler.

The Association printed, shortly after, a circular containing extracts from letters received from presidents of universities and colleges, from members of the boards of trustees of such institutions, and from prominent business men and editors throughout the country, nearly all of them endorsing the general idea.

It was this persistent and earnest work on the part of a single man in the American Bankers' Association which did more to get this idea of the desirability of these special courses in commerce and business in our American universities than any other agency at work in the promotion of this object in the whole field.

This shows how much a single man may accomplish in the way of helping toward an uplift in the community if, without any suggestion of advantage to himself, he utilizes the agencies at hand for the purpose of presenting good causes and urging them upon the attention of the public.

Mr. Rhawn had with him the four distinguished men whom I have mentioned. They carried with them this

great American Bankers' Association with members in every state and in almost every town. In this Association were many men who were regents and trustees and members of the visiting committees of our great institutions of learning. And in this way by urging this subject upon the attention of college presidents and college faculties and upon the attention of college trustees and upon the newspaper press of the country it became possible to give this subject an impetus which could have been brought to it in hardly any other way.

This committee on finance and economy invited me to go to Europe on their behalf and make an investigation into the conditions of higher education of business men in the various European countries. I did this in the summer of 1892 and presented an outline of the result of my studies in an address before the American Bankers' Association in San Francisco, September 7, 1892; and a formal report, somewhat later, upon the commercial schools of Europe. This address and this report were printed by the American Bankers' Association in a large edition and distributed throughout the country to university authorities, editors, and business men. From this time may be dated real activity in these subjects. The University of Chicago, which had just been founded, incorporated into its original scheme the plan of a college of practical affairs, which should provide for this need of a center of university instruction in subjects relating to business and commerce. Michigan, Wisconsin, and other great universities followed at greater or lesser intervals, until today even Harvard, in many respects the most conservative of our American institutions, has swung strongly and completely into line in favor of the view that there is something which we can teach which will be of value to the man who expects to enter upon a business career and wishes to do it with large view and deep insight.

The work here was begun in 1902 under the leadership of Dean Kinley, and to his insight, wisdom, energy, and devotion is owing the success we here have achieved.

Our problems are not by any means solved. Indeed we may say we are only getting ready to grapple with them in earnest. But the problem is at any rate finally stated in such a definite way that even a wayfaring man can understand its general scope. And we are trying here at the University of Illinois to work out a curriculum which will answer this public need of a systematic scheme of instruction which it would be worth the while of every young fellow with the proper training to pursue before he actually goes into the practical work of the office or the counting-house.

I shall have occasion to discuss in another connection in this same program one or two of the important points which I should like to present to the attention of our students now in the University, and as suggestions to the parents of lads who are looking forward to business careers; but I shall content myself with one general remark in regard to the desirability of establishing and developing such courses as will prepare business men better for their work—if it is possible to discover or elaborate.

The development of these higher courses in commerce is strictly in harmony with the general course of educational development in the United States during the last century, and we shall be better able to appreciate the educational value of this development if we glance at the history of education in this country during this period.

The result of recent educational development may, I think, be summed up in the following statement:

There has been a steadily growing belief on the part of the American people in the field of systematic school training, and that in two directions especially. First, in the desirability of a wide diffusion of elementary education, a steadily growing conviction that all classes of society—rich and poor alike—should have a thorough training in the elements of a sound English education: reading, writing, ciphering, etc. Second, in the desirability of some special professional training looking to the calling one expects to take up. There is at this moment practically

no longer a difference of opinion among intelligent people on the fundamental importance of a sound elementary training. As to the second question, it may be safely affirmed that the number of those who believe in the necessity of a thorough special training for the various callings of life is steadily increasing. This will become evident to anyone who takes the trouble to acquaint himself with our educational history.

In 1760, toward the close of the French and Indian War, only a few years before the outbreak of the Revolution, the only schools in this country were the elementary school, the grammar school, and the college. Taking the country as a whole, it cannot be said that very many pupils were to be found in the various institutions. A knowledge of the three R's was not by any means universal; the grammar schools were not numerous or largely attended; the colleges were few in number and of small size. The American college of that day had a very narrow curriculum, consisting chiefly of Latin, Greek and mathematics. It limited itself to offering a so-called liberal education to such young men as were looking forward to one of the learned professions—law, medicine, or theology. Aside from these institutions, there was practically no opportunity to obtain any sort of systematic school training. There was no medical school, no law school, no technological school, no school of engineering, no dental school, or veterinary school, or musical conservatory, nor indeed any of the scores of special institutions now open to the youth of our country.

The first professional school in this country of any sort was the Medical School of the University of Pennsylvania, which was founded in 1763, and it was not until the second quarter of this century that any special schools, except those for law, medicine and theology were organized.

With the introduction of the normal schools about 1840 began the era of special schools in this country, and from that date to this, each year has witnessed not only the opening of new professional schools, but the establishment of some new kind of school to satisfy the demand for better training for practical life.

Today we have schools where the future lawyer, dentist, veterinary surgeon, clergyman, civil engineer, mechanical engineer, architect, musician, painter, elementary-school teacher can find each a special training looking toward the specific duties of his future calling. Nor are the special schools to be found only with reference to the learned or quasi-learned professions just mentioned. They are springing upon every hand as preparatory institutions for the mechanical trades as well. The various manual-training schools, the trade schools, and institutes of all kinds offer today facilities for the learning of plumbing, carpentering, iron-working and typesetting. In a word, the era of systematic training in an educational institution for the active duties of life as opposed to the era of hap-hazard learning one's business in the office, the field or the shop seems to be fairly opened.

Even the old-fashioned American college itself has felt the magic influence of this new spirit. For a long time absolutely inaccessible to any appeals for a broadening or specialization of its functions, it has within the last two generations entered upon a new career, and today the man who wishes to prepare himself to teach any branch of human science will find somewhere in our American college or university system an opportunity to get that special training which underlies the highest sort of work in every department.

It would be a grave mistake to suppose that this development has gone on spontaneously, or quietly, or uniformly. Every step in this line of progress has been achieved in the face of indifference or of active and often bitter opposition. It has been in nearly every case the work of a few men of superior insight and foresight; of men who having discovered a need had the energy and public spirit to initiate and prosecute a movement which should end in its satisfaction. And even now there are few portions of the country where the special schools mentioned above exist in sufficient numbers to meet the demand. Nor can it be said that the victory is yet won, in the sense that all people are

convinced of the wisdom of the movement; but only that the number of adherents of this tendency is rapidly increasing, and the active opposition is steadily diminishing.

Even now you can find a physician here and there who advises a young man not to go to a medical school, but rather learn medicine in his office and by accompanying him on his rounds. It is no uncommon thing for a lawyer to advise his young friend who is ambitious to enter the legal career not to waste his time in a law school. There are still clergymen who deprecate the advantages of theological seminaries. You will still find engineers who think the way they learned the business, viz., practical field work, the best.

But, on the whole, it is now perfectly clear where the victory in this great contest lies. With every improvement in our special schools, and fortunately for us, this improvement is proceeding rapidly, the ratio of those who seek a preliminary preparation for life through them rather than in the immediate entrance into the shop, the office, or the pulpit is bound to increase.

The victory of the well-planned, carefully elaborated, well-taught curriculum of the special school over the haphazard pick-up-as-you-can training of so-called practical life is as sure in the domain of iron and wood work as in that of law and medicine and in that of business and commerce, and that victory is sure and speedy in proportion as the demand for efficiency becomes more imperative.

You will note that I have said nothing about the necessity of liberal education. It is not because I do not regard it as of the highest importance, but because it does not immediately concern the point I am presenting. The need of the special school is imperative alike for the college graduate and the farm hand from the plough tail. The most extensive study of Latin, Greek and mathematics, literature and history, does not dispense with the necessity of careful medical training for the future physician, or of careful legal training for the future lawyer, or of careful business training for the future merchant or banker,

though it may well be that the special school for the man with extensive liberal training should be separated from that for the man with defective training in this respect.

I said a moment ago that this educational development in the direction of special schools had been in our country very unequal. This inequality has been especially visible in two respects. In the first place, geographically, in that certain portions of our country have not kept pace with others in the development of their special schools, so that if a boy wishes to get the aid of systematic training along certain lines, he may have to go hundreds and even thousands of miles to get it. In the second place, materially, in that certain departments of our national life have been almost entirely neglected in this development, or perhaps it would be better to say they have not yet been reached.

Such a department was this whole field of higher commercial education twenty-five years ago. At that time this great sphere of commercial life and activity in which so many thousands and millions of our fellow-citizens are engaged had received almost no attention on its educational side. The lawyer, the physician, the clergyman, the engineer, the farmer, the teacher, had even at that time his special school whose curriculum discussed the matters he needed to know in his future work; but the merchant, the banker, the insurance director, the railroad manager, the business man in general, was in 1890 where he had been a century before, so far as his business was then in existence. He still had to enter the counting-house or the office and learn his business as best he could without systematic assistance. The only educational help open to him then was that which might come to him in common with every member of society in the form of liberal education extending, if he pleased, through the college.

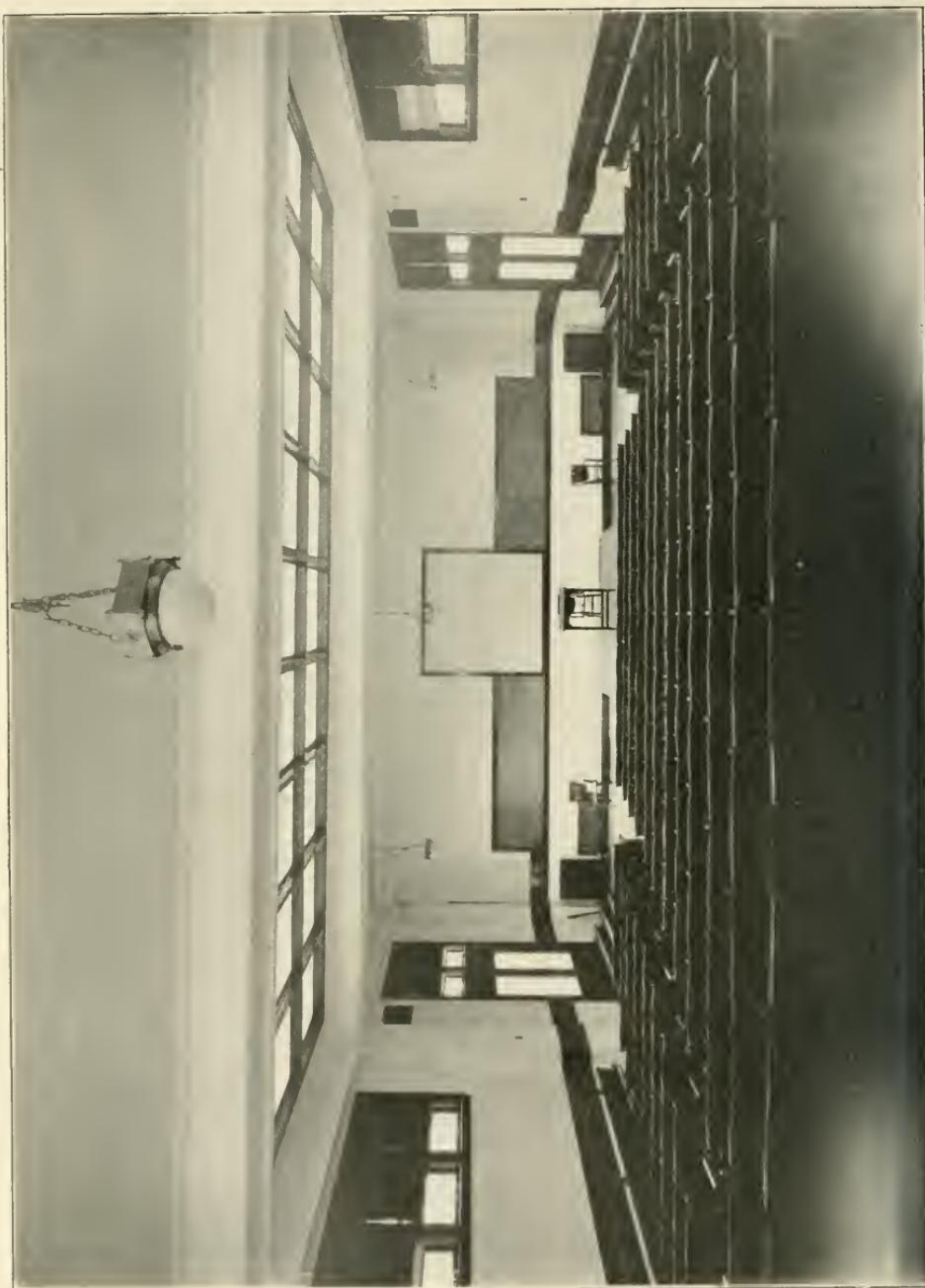
The situation is changing—nay, it has changed to-day. It is possible for the boy looking forward to a business career to find in most of our great institutions facilities for studying certain subjects which have a special relation

to the practical work of after life. But the opportunities are, after all, comparatively meager and the number of the students utilizing these opportunities almost infinitesimal compared with the great number who are looking forward to this kind of work.

Our problem is to devise the curriculum, elaborate the subjects of instruction, secure adequate equipment and adequate teaching force and then train the public to a recognition of the value and importance of this work. When that is done the boy who is expecting to enter the higher lines of business success will as inevitably look toward the university to secure a part of his training as does today the future lawyer, physician, or engineer. And when agriculture and business begin to realize what all this means to them the attendance at our universities will rise to the records of Oxford and Cambridge during the Middle Ages when it was said that thirty thousand students were in residence at these centers.

THIRD SESSION

COMMERCIAL EDUCATION AND BUSINESS SUCCESS



LECTURE ROOM

COMMENCING RIGHT

ALEXANDER H. REVELL

President of Alexander H. Revell & Company

Probably in no other field of human effort has there been such advance and broadening as in that of education. There is a feeling that a rich and growing country should provide the very best educational opportunities for its people. "Nothing is too good for our boys and girls" is a statement often heard. "The system of education that suited the needs and ideals of our forefathers and ourselves will not do for our children." Life, it seems, has changed. It is larger, richer, swifter than it once was.

As you know, the original educational idea was that of equipping prospective citizens for getting a livelihood and discharging their duties as citizens. From this came the common schools, but as the men of influence in our early history were men of parts, common schools were soon supplemented by the college. Since that day there has been an evolution in the subjects of study in colleges. The most recent in one of the most famous colleges is said to be a Wit and Humor Department.

While we thoroughly believe in the great universities—the speaker being a trustee in one of the largest of the country—still is it not possible that many colleges are slow in coming back to the fundamental idea—the idea of simplicity, the certainty of having young people know more of the practical affairs of life?

The conviction is growing, that the smaller and less pretentious colleges and schools, as well as some state universities, where the students come in more direct contact with the leading minds of the institution, have been and are today producing the larger percentage of men who achieve deserved fame. The small schools or colleges are heard of when one is reading about some of our most suc-

cessful men, and finds that so humble have been the sources of their education that one has some little trouble to locate the colleges or schools which they attended.

The presidents and professors of the colleges over the country average splendid types of men. Where the students get close to them and respect them for the wholesome atmosphere they unconsciously seem to carry rather than for the positions they fill, the result will show a better type of student. The students should respect the position, but the respect for the teacher should come first. The most important thing a man or woman can learn in college years is moral tone which includes a serious, virtuous and as well as industrious course of life.

It is generally conceded that commercial departments in colleges have a strong foundation for existence in this country. Every year the demand is becoming stronger for schools which supply facilities for the practical training of young men and women who wish to enter upon any part of a commercial career.

I hasten to repeat, if you will allow me, that there is not a doubt in my mind but that the all-around college-bred man has far the advantage in life, if he once gets a good start after leaving college, but so often it is the start that counts. Broad, genuine college culture is valuable beyond price, the loss of which is the one great regret of many a non-college man who is more or less successful in life.

In what I shall say, therefore, I am going to assume that there are certain matters which are and will be included in the course of studies here in this beautiful new building, which will have specific attention. Say, for example, matters pertaining to :

Insurance

Expense of doing business

The proper and improper way of figuring percentage

Advertising

The sales department

Organization of help

Economy of time and energy of employees

Working by a plan which means team work, etc.

Mind culture

Accountancy

Banking

Finance, public and private

Labor

General wastage

So, I shall today call more direct attention to what might be termed "All-around Success"—"Commencing Right." Faculty members may find in my address references which, if they think valuable, they will endeavor to emphasize or explain later on.

There is coming to be a more fixed demand for certain moral standards in business such as there are in law, medicine, literature, and theology. I would like to see this particular feature given more attention in colleges of the United States. The really great men, leaders, if you will, or who are approaching the J. Pierpont Morgan type, captains of industry, of finance, or of law, are men who learn to subordinate self to that which is far greater—the general public welfare. This gives confidence—makes a leader whom others follow, as Morgan had his thousands of willing followers. In other words, the selfish man sometimes accumulates money but never has real satisfaction in life. Others are suspicious of him and he is not on good terms with himself.

Power to think for oneself, the intelligence to understand those one does not agree with, strength to walk with head erect and purpose firm when others do not agree with one, when they snub or desert, although one feels honest, sane and rational in one's position. These things are essential to every successful career.

And so let me advise that as most young men must be wage-earners at some period in their lives, along with constant self-mastery and constant desire for education, which ought to mean improvement, a willingness to give into one's position more than one receives on salary day, is one of the essential qualifications. This goes to make a

winner and to make for success. Show me the boy or the young man who is not afraid that he is doing more than he is paid for, and you show one who is likely to soon have others working for him. When I say working for him, I do not necessarily mean as an employer. There are many men today in this era of vast corporations who may be termed the heads of departments. The men are working for him much the same as in former years they worked for the small employer of five, ten, or fifty men.

When applied to business or to the professions, the scriptural passage, "Cast thy bread upon the waters and after many days it shall return unto thee," may be quoted to enforce the need of courage in striking out for a career, as well as referring to kindness. Its use is broad and comprehensive. The average student will soon have energy, application, and labor to invest. The ability acquired in the effort to give more than one receives will make a winner. If you do not agree in this statement, ask some who have won. The men who started in with only their hands and their native talents and who have made great names or large fortunes will tell you that if they had not given more of service than they were paid for at the pivotal time in their careers they might not have succeeded.

My belief is that ninety per cent of all employees work merely for their wage. The other ten per cent is working for the wage plus ability, knowledge, future. It is from this ten per cent that leaders are chosen when leaders are wanted. The ninety per cent by their own acts, either because of lack of character or carelessness, cut themselves out of a chance at leadership and tighten the bands which hold them down. Advise your young man to be counted among the valuable "live assets" of whatever interest employs his time rather than as a "dead one" who returns just enough of value to hold his place.

Our next sign on the road to a satisfying career bears the legend "Get out of the ruts." Ah, but you tell me this is the age of specialties. One man cannot do everything, and "specialty" is only another name for "rut." True

enough. But did you ever notice that the man who comes to boss the jobs of others, not only knows his own particular job to a finish, but is fairly informed on the work of the other men? The young man who will shut his eyes because he is afraid he will learn something about the general proposition, will handicap himself; certainly so if getting as nearly as possible to the top is the goal sought for.

By all means focus the energy on one's own distinctive specialty. That is essential. Become its master. Then on the other side deliberately set out to learn as much as one may of the other lines of the work. "Mind your own business" is not a bad slogan, but one may study at odd times and with judgment the different lines and departments of the interest in which one's services may be employed. Some say that to go beyond one's special position is frowned upon or made impossible by an employer. I do not think the employer ever lived who prevented the cream of his establishment, the man with initiative, from rising to the surface. The advance in knowledge and of an employee himself means the advance of the employer's interests. An employer would rather pay a young man five thousand dollars a year than five hundred. A five-hundred-dollar clerkship is worth just about that amount to an employer. A five-thousand-dollar man is generally worth many times that sum to a commercial enterprise.

Many young men and young women get the idea that it is not worth while to apply themselves in a line which they do not care to adopt as their life work. Chance has thrown them into this or that field, and the necessity for earning a living week by week keeps them there. They intend to break away as soon as there is an opening in something congenial. Until then they will take things easy and do only enough to keep on the pay-roll. They are thinking of the future in the wrong way. They are killing time without any consideration for the ability which will come out of forcing oneself to do work one does not like. This kind of time serving that I have referred to disintegrates an employee as surely as a few drops of water

causes a lump of lime to crumble into fragments. He will be tossed from pillar to post, crowded out of one position into a poorer one until his spirit is broken and his ambition and opportunities are gone.

There are many things which do not always appear important in starting a successful career. I am going to mention some of them regardless of whether you agree as to their importance or not.

First, I will mention dress and address. One of the important things, at least primarily, is to dress as well as one may. I do not mean to be extravagant; one does not require the latest fashion in clothes, but at all times the clothing should be well brushed, and to a reasonable extent well pressed. The linen should be as clean as one's work will allow and one's pocket-book can afford from week to week. Sometimes I think many young men ought to save money in other ways and invest it in clean linen, or in making a better appearance. Time was when a young man applied for a position he would be asked for his handwriting, etc. In this era of stenography and type-writing, counting-machines and many other inventions, what first impresses the average business man is the dress, address, and conversation—the correct use of English by the applicant. One may say: "it costs money to press clothes." I know a young man who has but two pairs of trousers and when he is wearing one the other is between the spring and mattress folded very carefully. When he sleeps at night he is saving money pressing his trousers.

One need not tell women to dress as well as they can. They always do, and we admire them for it. But men too often overlook the importance of appearance. There are exceptions to every rule, but the more cleanly one keeps his clothing, the more cleanly one is likely to act in the every day affairs of life, the straighter, the keener he is likely to talk to those he comes in contact with. The more cleanly he is in dress, the more cleanly he is liable to be in thought.

Another thing you should impress upon the students, when "The Making of a Career" is under consideration, is to be calm; be calm under all circumstances. There are so many men who go to pieces, figuratively speaking, under what are unimportant, as well as trying ordeals. One meets them often. They impress their point by hammering on a desk or counter with their closed hands, occasionally intermixing three or four oaths. The next time they try to impress one, instead of hammering twice, they will have to hammer three times and give a special collection of selected profanity. Where such men went to school or college, my thought is they must have studied two languages, English and profane. The calm man, listening calmly, answering calmly, remains calm when the ordeal is most trying.

Poise! The essence of life is its fulness, and one cannot have a just estimate of one's limitations without poise.

If you will permit me, I will call attention to the advantage of kindness. In fact this should have been the first to have occupied your attention. Advise your students to be kind at all times. One should begin by being kind in one's home. If one is not kind in one's home, kind to the women and children, the chances are he cannot be very kind to the employees and associates who are about him in his business cares. It is wonderful what comes of kindness. I do not mean kindness that will protect a fellow employee in a dishonest transaction. So many employees think that they would be unkind in exposing a dishonest man. That man becomes an accomplice of the dishonest one. His duty is to protect the property of his employer. If anyone is treating that property in a dishonest or wasteful way, his duty is to inform his employers. If he does not protect such property, he will never learn how to seriously and fully protect his own property in years to come. I repeat—be kind—be kind to all, but especially be kind to your fellow employee. Tell your young men never to overlook an old friend, no matter how poor. Give that man or woman as much or more time than you would a

rich man. It will give one better poise when one meets the more influential person, but don't do it on that account. Do it because it is the square and manly thing to do.

I want to speak briefly of sports and pleasures and friends. I consider them all necessary in the making of a career. Tell me that it is useless to talk about sports and pleasures and friends in this connection, and I ask why it is that so many men fall out of an active and progressive life? Because of lack of health. The man who makes a success must be a healthy man. He must guard his health and his mind as principal assets are guarded. Some men have to make noble struggles against ill health and do succeed. As already stated there are exceptions to every rule. Tell your students to select some healthful outdoor sport. I know the time of the student and certainly of the average employee is very well occupied, but nearly all may have Saturday afternoons during the summer at least, and some all day Saturday. Holidays come frequently. Vacations come along and there is a week, two weeks, or more. Some evenings can be utilized for exercise. Shall the time be used to protect and conserve, or wasted so that health and usefulness become a mere shadow?

Ah! there you have it, the hunting after irrational, money absorbing, and trouble producing pleasures holds many a young man out of a successful life by bringing him in contact with the wrong class of friends. The kind of pleasure one seeks, the kind of friends one makes in seeking that pleasure, will put one in a class. Just as low as is the pleasure one seeks, just so low shall be the friends one finds. Because the friends you make are seeking you, and the friends you seek want you. You are all of a class. It is most important, this question of friendship and pleasure; just where will one permit oneself to be placed in one's unoccupied moments. Shall it be in a church or among literary people, or in some excellent society formed for praiseworthy work? Shall it be some clean entertainment or wholesome performance? Or shall it be along certain back streets of the city or town, or other disreputable places?

Face the truth. These last named, hold young men down. Tell the students this and then don't be afraid to tell them again. What is the use of my coming here and not being understood? When some young man of this splendid audience is ten, fifteen, or twenty years older and says: "I heard a man speaking years ago. He said so and so about success in life. I haven't seen it." Let such a one go out from here today and in the coming week or month or year seek and find temporary pleasure in channels which would very much shock those who love him if they knew, yet he may express himself as above and wonder in the years to come why success did not come. If he exerts himself for pleasure of a questionable kind, he must not complain if richness of character and success do not come. Don't lose your own friendship. The doing of certain things, I repeat, casts a career, and one may never come to know the sweet pleasures of a higher life which others have sought, found and lived unto good old age, with all the brightness and beauty that life can give. My friends, start your students right on this wonderful mission of life. I care not what the vocation, he is lost unless he commences right or will get right soon after he finds himself wrong.

Let me give you an example of this matter of friendship. A young man worked in a machine shop in the city. He was just a skilled workman. The proprietor had borrowed ten thousand dollars upon the shop as collateral. The friend who loaned the money came to the shop one day to have some intricate device repaired. He was referred to this young man and requested to explain it to him. He found the young man very careful and methodical. The workman did not know he was talking to a friend of the proprietor. He simply took up the work as a bright, earnest employee would. The gentleman came several times during the week or two weeks in order to get the repairs right. He formed a liking for the young man. One day he asked if he attended church. The answer was "he did not." "How would you like to go?" "I would like to go if any one cared enough to ask me." "Well, I'll ask you."

He became a frequent attendant. A short time after, the gentleman had to take over the shop because the proprietor had been going wrong and could not pay the debt. He had an "elephant on his hands" and seemed to be out a large part of his loan, but he thought of the young man. The young man had saved three hundred dollars. He was a saving chap, hoping for an opportunity. The man said: "that is all right. I will sell you half of this shop, take your three hundred dollars" (he wanted his three hundred dollars so as to have the young fellow feel a real money interest) "and you can pay the rest of it out of your profits." The young man was delighted. The shop was taken over. That was about five years ago. The young man is worth one hundred thousand dollars today, and my judgment is it will not be long before his property can be estimated at a million. He gained the confidence of his new-made friend, and held that confidence right through.

On the other side, the following is interesting because it is the story of a young man who recently lost his position and who has the courage to acknowledge the real reason of his failure. He says:

"I am a young man, born as are the majority. I have had the advantages of a college education and yet at the end of eight years of business experience, with unlimited opportunities, I look the past squarely in the face and discover that I am a failure. I have no apologies to offer. I had opportunity. I did not grasp it. I had acquaintance with the head of the corporation. I did not carry myself in a manner to merit the friendly interest of that person. I started out with the ambition of youth. I rose from one position to another, but in the two years just passed I have stood still, even lost ground. Why? Because I had no system in my own life. Instead of leading, I followed. I did as the ordinary man does. I did not eat or sleep regularly and lowered my physical energy. I sought pleasures that were degrading and dulled my intellect. Smoking made me nervous, yet I smoked because other fellows smoked; drinking caused headaches, yet I drank 'for com-

pany's sake.' I did nothing to excess, and there are many still to say I am a likely young fellow. But I know I am a failure. I have dropped back into the ranks. I did as the majority do. It is the minority who rule. I may take a new hold. I have tried, but my brain seems to be dominated by a greater lower force. I see this, but as yet am powerless to prevent its action." Ah, my friends, keep your brain the ruling power.

There are times when some people tell others to be honest. It seems so trite and commonplace that one hardly feels today like taking the time. It is like the old admonition that you so often hear, not to keep one's eye on the clock when it is coming near to the time when work is over. These admonitions are so old and so true that everyone has heard them. But this advice would not be used so often if it were not so very true. Take honesty for example. Here you have an absolute essential in permanent satisfying success. There are people who try to be honest and cannot. They are weak. They cannot explain their own weakness. Here, for example, is an opportunity where fifty cents or a dollar can be dishonestly retained. No one will ever know the difference. The chance is taken, just once, you know. Whenever that is done there is an uneven mark placed in the structure of integrity. If it is a young man, he wonders in the future years why bankers will not loan him five thousand dollars when Jones can borrow ten or twenty thousand on less capital invested. It was not only fifty cents, because where it will only be that amount today, unless stopped, it will be twenty dollars at another time, thirty at another. It will not stop at that. There will be other forms of deception. Why does this act become so great an injury?

One of the essentials in business success is to have the confidence of the business world, your associates, not only bankers, but business and professional men. In times of industrial and financial depressions, and with all our commercial progress these come frequently, it is the name, it is the man who commands confidence and credit quite

as much, yes, more than assets. I have known men to get hundreds of thousands of dollars at such times, when others with more wealth were refused. Why? It was not only to save them and their business, but because they were known as men who would meet their obligations honestly to the last dollar of their possessions, and who would not seek some subterfuge to save themselves at the expense of others.

Good reason did I have for believing Pierpont Morgan in his testimony before the Pujo Commission when he surprised all by testifying that he had given men checks for one million dollars on nothing but their notes when he knew they were down and out for the time being, while in the same period he refused like amounts to other men with millions of collaterals.

One may intend to be an honest man or woman. An honest man is always an agreeable spectacle, but passive honesty is not enough. No man can find true success unless by his example he gains prestige for himself by leading others, less strong, to see the right way. One has a good conscience, but that conscience is sadly out of repair and of little avail to the society of which you and yours are a part when it is not exerted with benefit to others. One's influence will be for good or for bad. There is no middle ground. You have heard of the jelly-fish. The jelly-fish has no backbone or bone of any kind. It can flop and flounder and go around, but it cannot go straight against a strong or weak current except by chance. In the matter of all-around integrity, those who in life occupy middle ground can be likened to a jelly-fish. The very position—middle ground—indicates a trimmer, a compromiser with good or evil. Therefore strive with your students to avoid negative virtue. Let one's virtue be positive, strenuous if you will, and one will be surprised at the lessening number of temptations, and the ease and the pleasure with which you turn aside from the ordinary pitfalls which lead to failure.

If we cultivate right thinking, right speaking, right doing, other matters will arrange themselves in the right way and one will commence right. To be president, or one of the leading officials of a bank, to be head or one of the leading officials of a great business institution, to be a money king, to be a great statesman, to be a famed lawyer, to be a farmer of vast estates, if one may have these or other positions, and with honor move among men, then one's heart should be light and contentment rule. But how many gain one at the loss of the other, and then money, notoriety (sometimes called fame) count little against the loss of self-respect and position in society. I assure you that many climb the giddy mountains of success by other than the straight path, to see for themselves that while there's plenty of excitement, there is nothing in it after all.

The smaller mountains of success, safely climbed, contain the larger happiness; a little farm, or business, or good position, a life of work, good health, a home and children, are things more to be desired than such larger fruit, gathered with risk of character. The happiest man should be he who has just enough to make him comfortable and respectable, who is always busy, who loves his home and who would rather be right than President. While this is recognized as truth by philosophers of all ages, it does not stop the venturesome spirits from day dreams of future greatness. Hence we deal with life as we find it. We tell of the careers of those who win and point the manifold ways to avoid the careers of those who fall, who drop by the way with bodies enfeebled by over-study, under-fed, or who are lost amidst the fogs of commercial immorality or other misfortune. In other words, it is now up to the judgment that one must use in the little or big things in life.

What a young man does in nearby todays, in all probability he will very likely do on a larger or smaller scale in years to come. The important thing after getting money and position is to hold them. Statistics show that

of the hundred men who start in business but five succeed, and of the five who succeed, but one is able to hold the money for a period longer than twenty years. The trouble is in these days especially, with a country so prosperous as ours, where we waste more than France consumes, that the laborer is trying to live like the mechanic; the mechanic is trying to live like the merchant; the merchant is trying to live like a prince. There is an unreal inflation and much that is mercenary about it all that will compel the people of the country to suffer in years to come. The question is who is going to be caught in the maelstrom, or whether during the coming months or years one will find ways and means of living within one's income, saving a little every day and training right.

Let me suggest before concluding that one should study as one goes along all through life. A day should not be allowed to go by without acquiring some bit of knowledge. One may never know when one may want to use it. One will never know how fast that bit of knowledge acquired today will accumulate if one trains eye and brain to be receptive. They say of Gladstone that he always carried a little book in his pocket lest an unexpected moment should be wasted. If an intellectual genius like Gladstone would do that, how much more ready should we of ordinary ability be, to do likewise.

Mr. President, I congratulate the University of Illinois on this beautiful new building, dedicated to so worthy an object, giving to it, as it does, opportunities to broaden, quicken and make more practical the lives of many students. I congratulate the young men and women who will have these opportunities and trust that their knowledge may lead all the stronger toward that real basis of a nation's glory, character and strength—the happiness and purity of American homes.

I congratulate the president, officials, and faculty of this splendid institution of learning, not only for the results of their many years of work, but also because you are men and women of that part of life's work of which it

can truly be said, there is no nobler calling in this free, progressive nation, moving forward under education and law.

Now, friends, I know not if to you there is value in my remarks today. Let me hope for the best, however, and conclude with Kipling's well-known words, which are applicable to all:

“If you can keep your head when all about you
Are losing theirs and blaming it on you;
If you can trust yourself when all men doubt you,
But make allowance for their doubting too;
If you can fill the unforgiving minute
With sixty seconds of distance run,
Yours is the earth and everything that's in it,
And—which is more—you'll be a man, my son.”

THE RELATION OF A SCHOOL OF COMMERCE TO THE PRACTICAL PROBLEMS OF BUSINESS

LEON C. MARSHALL

Dean of College of Commerce and Administration, University of Chicago

I. THE ISSUES STATED

It has long been accepted that it is possible to train men for the routine tasks of business—for the positions requiring automatic brain work as differentiated from responsible brain work. If our colleges of commerce were to set themselves to the task of supplying candidates for such positions, some persons might question the utility of such an expenditure of social energy, but very few would doubt its possibility of success. It has not been so universally accepted that it is possible to train men for the responsible positions of industry—for those executive positions whose occupants are called upon to settle the great questions of business policy. When our colleges of commerce speak hopefully of their students as possible future candidates for these responsible positions, men listen patiently, but not always soberly.

The topic assigned me, forming as it does a part of a conference upon the relation of commercial and industrial education to individual business success, obviously raises both these issues. Will the training of your boy and mine in the modern university school of commerce cause him to be a more successful business man, either as a subordinate or as a chief, than he would otherwise have been? Will his collegiate training be worth more than four years of business training when he faces the practical problems of business life? Will that training justify itself through greater ability to grasp general principles and greater power to master details? Will he be more keen, alert, and open-minded? Will he have more poise, initiative, balance

and judgment? Are the subjects taught in the colleges of commerce worth while? Are the teachers worth while? Is the administration of these colleges such as to give us confidence in their future? These are the questions which are being asked concerning the schools of business administration of the day. They are right and proper questions. True, the case of the college of commerce by no means rests solely upon these considerations of individual business success. It is conceivable that a failure to promote such success might be more than offset by a contribution to public and private welfare in another form. Be this as it may, the question of the contribution to business success is a legitimate one, and one that the college of commerce should and must answer.

Fortunately for the college of commerce, men have become reasonable in their demands upon that institution. Today, no one holds the college responsible for the failure of its graduate who had no aptitude for any business profession, whatever other admirable qualities he may have possessed. Today, the fact that Mr. X, innocent of college training but with remarkable aptitude for business, makes a startling success, while Mr. Y, college trained but with only average ability is one of Mr. X's employees, is not considered valid proof of the futility of a college training. It is recognized that the real questions are: "Is Mr. Y doing better than he would have done without a college training?" "Is Mr. X doing as well as he would have done had he taken the course in commerce?" Today, no college of commerce is expected to turn out a man fitted at once to become the general manager of a billion-dollar corporation, or furnished with ready-made answers to all the problems of business administration. The newly-fledged graduate of the law school is not expected to step into the position of chief justice; he is not supposed to have ripe judgment, vast experience, or omniscience. The graduate of the medical school must serve a long apprenticeship before he can be trusted with even simple cases. The graduate of a college of education is not presumed to be fitted by

that fact to become at once the president of a great state university. So also with the colleges of commerce. The beardless boy graduate is and can be nothing but an apprentice, a beginner, a blunderer, it may be. The years must widen him; experience must ripen him; failures must chasten him. The question at issue is whether the college of commerce has given him anything worth while to be widened, ripened, and chastened.

II. THE SERVICE OF THE COLLEGE OF COMMERCE

In attempting to answer that question affirmatively I shall not appeal to the experience of Germany, although it is everywhere admitted that the German college of commerce is playing an important part in the commercial and industrial expansion of that empire, and that the commercial college has there justified itself as a contributor to individual business success; I shall not appeal to the great increase in the proportion of our college graduates who enter business pursuits nor to the rapid growth of our colleges of commerce to meet that situation; I shall not appeal to the various recent statistical compilations which seem to indicate that the four years training of our present day college of commerce is a most profitable investment, those who have made the investment advancing considerably more rapidly than those who have entered business without the preliminary training; I shall not appeal to the testimony which I myself have seen of hundreds of graduates who have written back concerning the merits and demerits of their collegiate training. These facts taken together do make a strong presumptive case. Surely German experience must count for something even in American conditions; surely the great present demand for business training is not wholly or even largely a demand by foolish persons; surely those who have taken the training of the college of commerce and have tested that training in actual business should be in some proper position to estimate its value. These facts may, however, be waived in favor of two general considerations which are in them-

selves sufficiently strong to establish the case of the college of commerce. First, some agency, and it may well be the college of commerce, must supply breadth of view for subordinates in modern business organization. Second, some agency, and it may well be the college of commerce, must supply the training in flexible judgment which our tremendous and rapidly changing industrial organization demands of its master minds.

If there is any one cry going up from the business of today, it is that it is difficult to secure men of breadth of view for the important subordinate positions. It would be strange if it were otherwise. Modern industry is tremendously efficient in developing promptness, energy, accuracy, and initiative, but it has become so specialized that narrowness of view is an ever present pitfall, and it has become so intense that subordinates are drawn as by a magnet to that pitfall. The apprentice system formerly saved the subordinate, but that system has broken down in almost all industries, and even if other conditions should permit its restoration, it could not be efficient in these days of the world market. If capable subordinates are to be secured, individual businesses must either set up their own training schools or must rely on some outside agency to give men a broad horizon to enable them to see the relationship of their specialized tasks to the business as a whole and the relationship of their business to the rest of organized society. In point of fact, both of these educative agencies are at work. It is obvious, however, that only the larger business houses can afford their own training schools, and even of these the good old saying holds true. It is not always the person whose nose is closest to the grindstone who gets the most correct perspective concerning the motive forces turning the wheel. This perspective concerning the motive forces of modern industry and concerning the relationship of tasks, the college of commerce is in a position to give. Intimate as its connection with the concrete issues and smothering details of modern business, it is sufficiently remote and

sufficiently aware of its true functions to maintain a sense of proportion. If the testimony of those who have taken advantage of its training is to be believed, it has rendered good service in this particular.

But the problems of the subordinate are often routine problems. Can the college of commerce aid in the solution of questions of business policy? Can it render any service to those who are to fill the executive positions of modern industry? Concerning this issue, there is much popular misapprehension. It is commonly assumed that the qualities of the subordinate and of the chief are mutually exclusive—that each of these agents in modern industry is *sui generis*. Quite the contrary is the real situation. The qualities of the successful chief are likely to be the qualities of the good subordinate plus that divine afflatus, judgment. It follows that the systems of training for the two kinds of position should not be mutually exclusive. The one should be the other, *plus*. I am aware that there is a generally accepted dictum to the effect that executives are born, not made. This should prove a precious thought to the executive. Only the Omnipotent could produce another like him. Man's efforts would be futile. The element of truth in this dictum is the commonplace fact that a man of great natural ability will go farther than the man of limited capacity, other things being equal. But even the man of the most superb natural endowment must have experience. There is no substitute, and experience must be gained in just two ways. One may profit by his own experience or one may profit by the experience of others. It is this experience of others which the college of commerce with its equipment for collecting data, drawing generalizations, and imparting results, is fitted to give. Accordingly, the question is not "Can the college give something worth four years' experience?" The real question is "Is it worth while to spend four years studying the experience of others, constantly supplementing and checking the results with your own experience?"

But this is not the full case of the college of commerce in its relation to the functions of the executive. The

foregoing statements have their most precise application to what we call the problems of business as such. Today we are realizing that this is only one aspect of the work of the executive. Business is not merely business. It is a feature of modern social development; it is a device of men living in organized society; it is to be judged by standards of social utility. All of us recognize that we have fallen on troublous—often disheartening—times. Some of us seem to fear that all society has gone mad. It has not. It merely lacks co-ordination. It is merely afflicted with St. Vitus' dance. This turmoil around us has a simple origin. Poorly guided, inarticulate democracy is striving to guarantee that individual business success shall be a reward for real service to society—a most commendable goal, whatever we may think of society's present attempts to attain it. Clearly the future business executive must deal with social forces. He must assume a more responsible position in relation to groping democracy. No mere rule of thumb will suffice; he must have that attitude of mind which will lead to flexible statesman-like judgments, founded on fact, and practical in application. Here the college of commerce, if properly conducted, can and does render another service. It takes the boy at just his formative period, makes him critical of rules of thumb, makes him see beyond the tasks of the moment, shows him how his business is related to other businesses, and how all business is related to society, lets him see the genetic development of society—in brief, it aids in conferring that breadth of view which alone can make possible sane, social judgments. Let it not be supposed all this is remote from individual business success. It will be the very essence of individual business success in the future.

III. THE FUTURE OF COLLEGES OF COMMERCE

If the foregoing statements contain any considerable proportion of truth, it follows that the college of commerce—even the one of today—may contribute to the business success of both the subordinate and the master mind,

but its work of today is puerile compared with its opportunity for the future. The present-day school of business administration, experimenting in every direction, handicapped in many particulars by academic tradition, forced to develop courses and instructors when the material and means are sadly lacking, is not unlike the early railroad with its rickety track reaching out into the boundless prairies, its traditions of the dirt road and canal, its working staff of blacksmiths, farm-hands, and stage-coach drivers. May the parallel continue in the later history ! And it will continue if the business community will lend its co-operation—the co-operation of hand and brain being more needed than that of the purse. In the first place, we need help in securing clinical facilities. It matters little whether this clinic is owned by the college or by a private business practitioner or by the public. In some way, the clinic must be secured and the day must come when the charge—all too apt under present conditions—"the college graduate, a business tyro, a problem of adjustment," shall be at least no more applicable than it is to the graduate entering medical practice. In the second place, we need more help in the instructing staff—again possibly the kind of assistance given in medical training. We need men with the vast experience of our modern business executives, with the professional pride of our lawyers and physicians, with a willingness to make sacrifices for the coming generation of business men to supplement and enrich our formal instruction. A beginning has been made, but only a beginning. In the third place, we need help in freeing ourselves from certain hampering academic traditions. Four years of gentlemanly existence will not train for business; a machine curriculum will not develop individuality and resourcefulness; indifferent instruction will not produce a generation of problem solvers, and problem solvers business men must be. Here also we have made a beginning, but much, very much remains to be done. Finally, we need assistance in developing research. Our knowledge of business practices and principles must be made more precise,

our courses of instruction must become more analytical. We must secure for business education something similar to the splendid research results in agriculture and preventive medicine. Opportunity is abundant; attainment is feasible.

These are the regrets which the college of commerce, eager to be of greater service, makes of the business community: research facilities, so that our students and the community may have accurate, timely, stimulating, scientific material; an adequate system of instruction, so that this material may become really available; laboratory and clinical facilities so that we may have a proper adjustment between theory and practice; wholesome traditions so that we may the more readily secure high attainment and real efficiency. That these will be forthcoming—that they *are* forthcoming—such events as this very conference, held on such an occasion, prove beyond question. They spell opportunity—opportunity to serve society, opportunity to contribute to the business success of the individual willing to serve society—and the college of commerce gladly accepts the challenge of opportunity.

THE QUESTIONNAIRE OF THE ILLINOIS MANUFACTURERS'
ASSOCIATION ON COLLEGE COURSES IN BUSINESS
ADMINISTRATION¹

JULIUS W. HEGELER, CHAIRMAN, W. E. CLOW, JOHN E. WILDER
Committee on Education

The questionnaire which the Committee on Education of the Illinois Manufacturers' Association circulated among the members of the Association was designed to determine the attitude of the membership toward university courses in business administration and to secure suggestions concerning the nature of the courses to be offered.

Of the eighty-two firms making reply the addresses of but seventy-two can now be determined. Three answers were received from outside the state. Of the remaining sixty-nine houses sixty are located in Chicago and three in Peoria, while replies were received from one firm in each of the following cities: Aurora, Clyde, Decatur, East St. Louis, Harvey, and Quincy.

The types of business engaged in by those making reply are diverse, including automobile, milling, electric, packing, soap, and tack companies. The sizes range from small to large, the latter having the larger proportionate representation.

Five questions were proposed in the questionnaire. The number of definite answers to the first and second questions is seventy, to the third sixty, to the fourth forty-three, to the fifth forty-five.

The first question is as follows: What education do we want young men to have to whom we may look in time to improve the organization of our office staff, increase its efficiency, and reduce its cost? The replies to this ques-

¹The following report, based on the data gathered by the Committee on Education, was prepared and presented at the conference by Charles L. Stewart, Research Assistant in Economics, University of Illinois.

tion show the following distribution of views as to the educational needs of the office force:

No educational requirement.....	1
Grammar or common school.....	15
Continuation school	1
High school, without mention of business courses..	13
High school, with emphasis on business courses.....	7
High school, supplemented by business college.....	3
Business college	1
General university course, without mention of courses in business administration	5
Special university courses along business lines.....	24

A number of those favoring scanty education show a more or less rabid prejudice against higher education, while those favoring secondary education frequently refer to the desirability of still higher training. It will be seen that the number favoring special university training along the lines of business administration outnumber any other single class and constitute thirty-four per cent of the number giving specific answers as compared with twenty-four per cent who favor nothing above the common schools, twenty-eight per cent who emphasize general high-school training, scarcely six per cent requiring business-college training, and seven per cent who insist on a broad cultural college course.

The returns seem to indicate the comparative failure of the business college to equip men for the larger needs of business offices. They show, further, the employers' insistence on the ability to write legibly and to use good English. The evidence implies a strong expectation that the university business-administration courses will produce more expert office help.

Question number two is as follows: What kind of training should young men have whom we may expect to improve our accounting systems, perhaps introduce systems of cost accounting that will make it easier to apportion costs and profits, and to determine what parts of our organization pay and what do not? So far as could be

determined the distribution of views as to the training needed for this work is as follows:

Business college	5
High school or business college.....	1
High school, without mention of specific courses.....	2
High school, with emphasis on manual and mechanical training...	2
General university course.....	3
Engineering, without mention of business courses.....	2
Engineering, with mention of business courses.....	2
Special university training, without mention of business courses..	15
Special university training, with mention of business courses.....	12
University or apprenticeship.....	1
Practical experience, without mention of any educational requirement	14
Practical experience, with apprenticeship or special investigations	3
Practical experience, with mention of education but no specification as to kind.....	2
Practical experience, with common-school education.....	3
Practical experience, with high-school course.....	3

There is considerable scattering of opinion due to the diversity of industries and the small extent to which cost accounting systems have as yet been applied to the problems of administration in most lines of business.

The feeling seems to prevail that much depends on common sense, thinking power, and experience. Seven per cent of the houses demand business-college training, seven per cent high-school training, and forty-nine per cent make some kind of university study a minimum requirement. Although thirty-six per cent emphasize practical experience, one-third of these expressly favor education of some kind, and no one of the others expresses opposition to education, although making no specific requirements.

Thus, in the case of expert accountants as in the case of men in other lines, the business college appears to be discounted in its ability to give adequate training. Doubtless the greater degree of expertness felt to be necessary in the case of accountants is the chief explanation for the emphasis laid upon technical university training. The fact that an accounting system must be adjusted to the needs of the individual concern as well as to the special

type of business probably makes the call for practical experience more insistent.

The replies, then, show the majority to be strongly in favor of specialized university accounting courses, while the emphasis upon experience surely demands the most perfect laboratory development and a large amount of "field work."

Question number three relates to advertising and was stated as follows: What kind of education will give us young men who can make our advertising more efficient? The returns from the sixty houses making specific replies give the following as the proper method of training for advertising work:

No educational requirement.....	1
High school and practical experience.....	2
Business college	1
Practical experience	12
General college training, supplemented by business experience....	3
General college training, supplemented by special business training	5
General college training, without further specifications.....	14
Engineering, without mention of business courses.....	1
Special university courses bearing on advertising.....	21

The table of replies shows that twenty per cent insist on practical experience, while thirty-seven per cent favor general cultural education, nearly a fourth adding, however, that it be supplemented by specialized business knowledge. Thirty-five per cent maintain that special university courses should be followed by the prospective advertising expert, one-third of these specifying one or more lines of study which they think deserve special attention. Of the latter, three name salesmanship courses, two psychology, one expression, and one statistics.

In the replies considerable mention is made of advertising "genius," "publicity sense," and intuition. There is an evident feeling that there is a large element in the advertiser's business that cannot be supplied by mere scientific training. However, in so far as educational training enables the advertiser to know more completely the needs of the purchasers, and to give better expression to his

printed statements or appeals of other kinds the concensus of opinion among those making reply favors education for prospective advertising specialists.

Question number four relates to salesmanship and is as follows: What training will give us better salesmen?

The amount of indefiniteness to the replies to this question is especially great. Of the sixty-six who ventured answers at all, twenty-three were not specific enough to be classified. That is, they did not give expression to any opinion as to the particular kind of preparation to which the prospective salesman should subject himself. Most of them left off with giving a nebulous statement relating to the genius, integrity, the religious or social qualities of the salesman. It appears in the case of salesmen even more prominently than in the case of advertising specialists that personal qualities appeal to many business houses as the prime requisite to successful salesmanship rather than a particular course of scientific training through which the candidate may have passed.

Of the forty-three replies subject to classification the following distribution of methods of preparation for salesmanship was made:

Practical experience	18
General cultural training.....	12
Special salesmanship courses.....	13

Nearly forty-two per cent lay the emphasis on practical experience, twenty-eight per cent on general cultural training, and thirty per cent on special training for which the university is fitted.

It appears that the business houses are not yet convinced of the efficacy of scientific salesmanship, and that the burden of proof rests with the universities. Some of those answering seem to be extremely skeptical of the value of a scientific study of salesmanship, and few, if any, consider it more than an adjunct whose promise of usefulness is moderate.

Question number five is stated as follows: Can we get young men who can aid our business by thorough knowl-

edge and study of transportation routes and rates, the development of new markets and new uses for our products?

Among the forty-five definite replies received the diversity of opinion is shown in the following table:

No, without further comment.....	10
No, with a slight concession.....	2
Yes, without further comment.....	25
Yes, specifying "in practical field".....	6
Yes, specifying technical university study.....	2

Twenty-seven per cent of those making definite replies gave negative answers. Some of them may have misunderstood the question, thinking that it related to a present supply rather than a possible future supply of men having the knowledge indicated. At any rate, fully seventy-three per cent believe in the possibility of securing men whose studies in transportation and market conditions will enable them to render important commercial service. Six of those answering in the affirmative stated that the knowledge should be gained "in the practical field" or "with some commercial house." While only two specified that they thought that this knowledge should be derived from technical university study, yet the statement in the questionnaire, that its object was "to enable the University of Illinois to shape and organize its course," justifies us in regarding an affirmative answer as favorable to university courses along the designated lines. Practically all who insist that the university cannot do this work successfully have doubtless seen the necessity of specifying that the training should be received "in the practical field." If this be granted, we may gather from the replies that approximately sixty per cent of the houses answering are in favor of special university study as a preparation for expert commercial work in transportation, the opening of new markets, and the discovery of new uses for products.

The percentage of those giving definite answers in favor of special university courses as shown by the returns on the five questions is as follows:

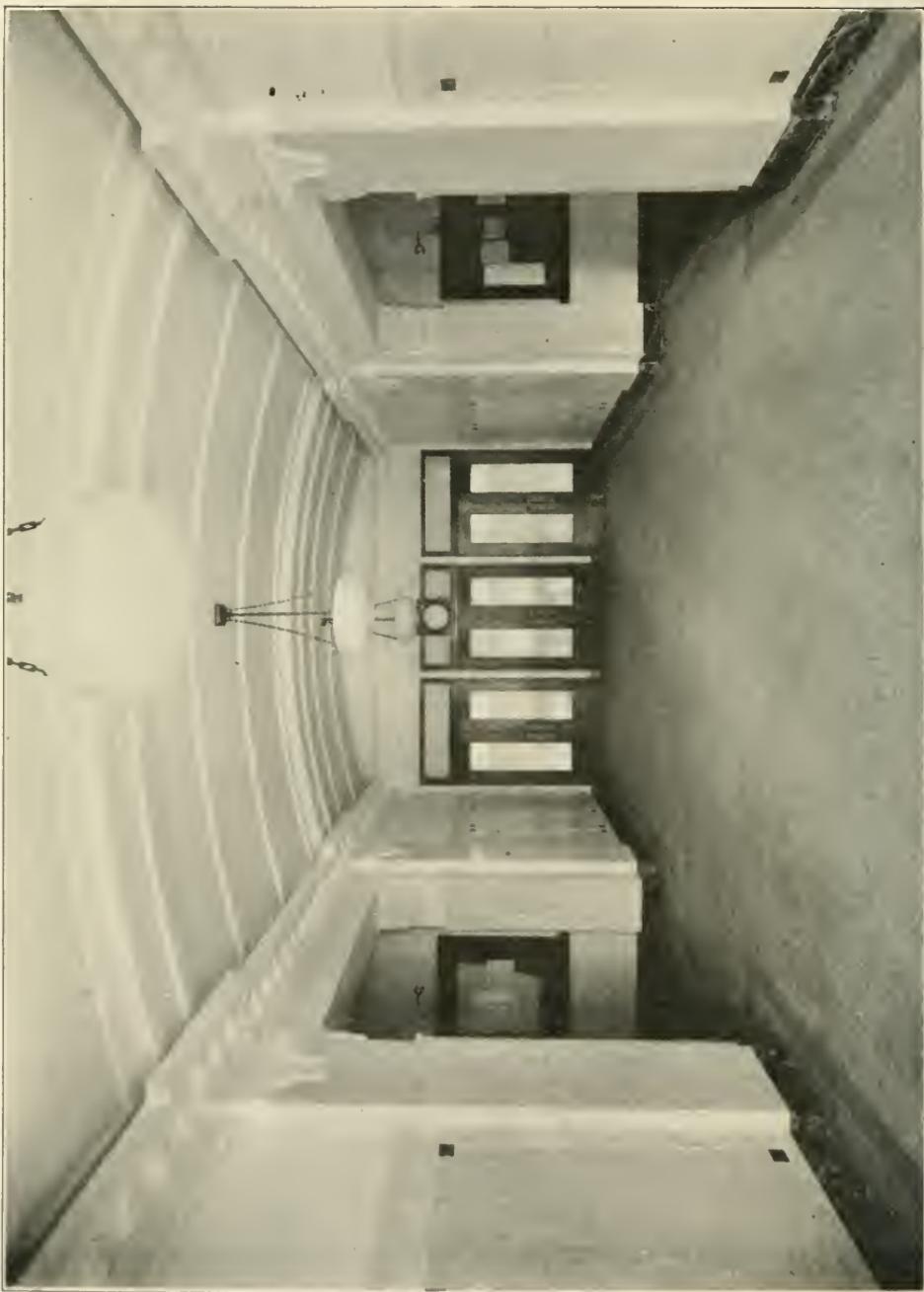
QUESTION	SUBJECT	PER CENT FAVORING UNIVERSITY TRAINING
I	Office assistants	34
II	Cost accountants	49
III	Advertising specialists	35
IV	Salesmen	30
V	Experts on transportation, new markets, and products	60

It is difficult to determine beyond doubt to what degree the above figures represent the views of all the members of the Illinois Manufacturers' Association. The fact that fewer than one out of ten of those receiving the questionnaires took the trouble to mail their replies should not be overlooked. It may easily be true that a larger proportion of those holding views extremely favorable or extremely unfavorable sent their replies than those holding less decided views. This being the case the replies may be taken to be fairly representative of the opinions prevailing among the members of the Association generally, although no more than a fair degree of representativeness should be claimed for them.

Taking the returns as they stand, the demand for university-trained office assistants is voiced by one-third of the houses answering the questionnaire. Special university training for accountants is requested by practically one-half the concerns. Although personality and talent figure greatly in the success of advertising experts and salesmen, about one-third of those making reply favor university courses to qualify men more completely for this work. The conduct of transportation, the opening of new markets, and the better disposal of products, sixty per cent of the answering houses are in favor of placing in the hands of men trained in special university courses.

**FOURTH SESSION
DEDICATION OF THE COMMERCE BUILDING**





LOBBY—COMMERCE BUILDING

THE COLLEGE GRADUATE A BUSINESS TYRO—A MATTER OF ADJUSTMENT

HOWARD ELTING

President of the Chicago Association of Commerce

It gives me a great deal of pleasure as a citizen of Illinois, and President of the Chicago Association of Commerce, to be present today to help celebrate your dedication of the building for the School of Business Administration. I bring you greetings from the four thousand members of our Association and can assure you of their deep interest in the efforts put forth by the University of Illinois to improve the efficiency of the young men going out into the business world.

Our organization has always been deeply interested in the welfare of your university and has lent its aid in securing for you of greater revenue from the State. On the other hand, we are under many obligations to President James, Dean Kinley, Dean Goss, Dean Davenport, and others for the help they have given us whenever we have had occasion to call upon them.

Approaching my subject as I do, as a business man, and in particular as a manufacturer, I trust I shall escape the criticism of your Dean, Mr. Kinley, who has said that when the business man comes to Champaign to speak, he is likely to be more academic than the academic man, and is generally warned not to read his speech from encyclopedias but to tell you informally how he runs his own business. Today, however, I am not invited to tell you how I run my business, but to tell you how well I expect you to run it when you take it away from me.

I do want the undergraduates to feel that the business men of Chicago are deeply interested in their future and stand ready to co-operate with them when they leave college to find the niche in which they are best fitted in

the world of commerce. It is a matter of great importance to captains of industry to understand what our universities are doing for the training of the younger generation of business men, and the discussion of this particular topic may be the means of educating the employer as well as the future employee.

I take it, judging from letters I have received from several large employers of labor in Chicago, that as yet there has not been an appreciable number of college graduates from university schools of commerce who have applied for positions. In all the replies I received in answer to a number of questions I had prepared to ascertain the opinion of employers on this topic, you will see that the college graduate is taken to be the man who has graduated from college with the ordinary academic or scientific training usually given the college students, such as your university aims to graduate in its liberal arts courses, and that the specialized product of university schools of business administration does not yet seem to be reckoned with.

The time is ripe for such specialized training, as business during the past ten or fifteen years has changed materially, and, whereas before this time there has been a place for the untrained, today business needs the business engineer and the requirements of industry now demand not only men who are willing but men who know.

As has been well said in the preface to the work outlined in your own university, "The necessary condition of successful business management now is the ability to understand the complex relations of a great organization, to correlate them and to make the machinery of the organization operate without friction and waste."

May we not now say, young man, that your problem of adjustment and your future employer's problem of adjustment have a common denominator in character? Here you are being taught the structure and economic motives of business. You are not coming to us as your fathers came without special fitness for your chosen calling or for

the job offering you the coveted start. You are coming to us with some knowledge of how small business and even big business is run. You have seen the thing in the distance and you know something about its contents and how they work together. And the boss in the inside office, what about him? Does he want you? He does. Does he know you? No. I don't believe he does know you. Will he hire you? He will.

Will you two pull together—tyro and tyrant, speaking of the employer as master rather than despot? Well, that's the question, and the permanent solution depends upon you both, and particularly upon you and upon that something which college training can fashion and mature, but not create—character.

I take it that the function of the college is primarily to train character. No doubt, you remember during the recent investigation before the Pujo Committee, Mr. J. Pierpont Morgan was asked whether commercial credits were based upon the possession of money or property. "No, sir," said Mr. Morgan, "the first thing is character. Before money or anything else," repeated Mr. Morgan, "money cannot buy it."

There is the keynote, gentlemen. Your character has to be formed while you are going through this preliminary training for business. Without a proper conception of what that means, you will never succeed, no matter how highly you are specialized. Here is laid the foundation of that character which money cannot buy.

I do not mean to preach, nor am I bold enough in this center to presume to teach, but I fail of my point if I do not suggest what is expected of you when you bring to the business man your specialized business attainments and say "try me." What is this "Character," commonplace and yet in its higher manifestations rare? Of course, I but travel in a circle if I say that character is personality, but trite as the truth is, I must stick to it and reiterate it and then go back and do it again.

What the business world expects of you is the having and doing of the virtues that have always made real men. Bring them to us with what you have got from book and laboratory and we will do more than look up and nod when you enter the office for the first time. We will go down to the street door and assure you that we have been holding a place for you. What should you bring? A spirit of subordination; a will to take a humble and hard job—for no great time perhaps—and hold it with cheerfulness and grit; a consciousness of your own shortcomings but with resolute confidence in yourself and courteous appreciation of the worth and prowess of fellow-workers who are from the “University of Hard Knocks”; patience, when misunderstood or underestimated.

To adjust yourself to a business you will have to keep everlastingly at it. Work and more work and on top of that more work will be the first requisite. No thought of the clock; no thought for some time of the salary you are paid. Remember that your employer is as anxious for you to succeed as you are yourself. He will be watching you without talking about it, especially if he is not a college man. I could multiply instances of failure because the college graduate did not have the “sand” to stick. Seventeen-year-old boys may cut rings around you at first, but you should have the feeling that with your college experience you should pass them before long, and you will, provided you combine with your technical training those homely virtues which all truly great and successful men have possessed.

One of the functions of a university is to discover talent; in some business organizations departments have been established where talent is discovered by the process of taking care of the misfits in the organization. Men taken from one department where they have failed to make good, have been found to be successful when changed to other work.

Do not get discouraged. Develop the latent talent that is within you and then “saw wood.” Keep your eyes

open and keep thinking. Your particular job may never have been properly developed. You may correlate certain processes of manufacture in such a way as to save thousands of dollars for your company. In other words, you should be thinking ahead while you are working at your daily task.

Gentlemen, I frankly confess that until recently I did not know how extensive and intensive were the plans in our greater institutions of learning for training for business administration. I did not realize that so much is being done to make the graduates of the schools of commerce, business men in fact, call them though you may tyros. I did not realize that the University of Illinois had in its enrollment for business courses over two thousand registrations, nor that the University of Pennsylvania, the University of Chicago, the University of Wisconsin, the University of Michigan, and Harvard University were advancing in the broad constructive way, putting these institutions into this new and practical field of service.

In reminding you of the pioneer work of the great universities in the development of schools of higher commercial education, I do not forget to say, that to that staunch old New England college, Dartmouth, we all owe a debt, in its establishment in 1900 of the first system of post-graduate instruction in business administration, commerce, and finance. No school of its kind antedates the Amos Tuck School of Dartmouth College.

With confidence and satisfaction I note the development of evening extension courses in commerce in various universities, and refer with special pride to the School of Commerce of Northwestern University, founded upon guarantors of prominent members of the Chicago Association of Commerce, and now planning developments, extending the course of instruction to five years.

It is an eye opener to the employer today, to read the final examination papers of your university or from those

of the post-graduate school of Harvard University. I quote from the final examination papers of Harvard on the:

ECONOMIC RESOURCES AND COMMERCIAL ORGANIZATION OF CENTRAL AND
SOUTH AMERICA

1. On the accompanying outline map of South America locate and name the following:

- a) The mountain systems.
- b) The four chief river systems.
- c) The chief trunk lines and international railroads.
- d) The constituent countries of the continent.
 - 1) Their capitals.
 - 2) Their chief cities.
 - 3) The chief port or ports of each.
- e) The source of the chief exports.

2. a) Name and discuss the various South American periodicals on file at the Business School Reading Room. How would you rank them as to their advertising value for the American products and why?

b) From your reading what have you gathered as to the place or influence of the following in the development of South America—Balmaceda, the sertao, the gaucho, the “camp,” the Gran Chaco, mate and Ceara.

3. “The population of Western Colombia and of Ecuador, Peru, Chile and Bolivia is approximately 11,000,000, dwelling chiefly along the sea coast. It has been assumed that only this long slope of almost continuous mountain wall from Panama to Patagonia is subject to the direct influence of the canal, and that the barrier of the Andes makes all the rest of the South American Continent dependent on Atlantic outlets. The assumption is presumptuous.”

“As one result of the Panama Canal a measure of Amazonian commerce will flow to and from the Pacific.”

“The world’s hunger for crude rubber is a growing one.”

“The grain fields and pastures of Argentina lie close to the Pacific. The pressure of the agricultural population is westward. A generation—perhaps a decade—will bring it to the slopes of the Andes.” (Pepper, Panama to Patagonia, pp. 4-7.)

Discuss these excerpts, relative to the Panama Canal, carefully, statement by statement.

4. Taking up Argentina and Brazil both as to their products and their exports show how the trade between them and the United States is affected

and the bearing it has on the United States, east coast shipping, and on the establishment of an American bank.

5. a) Explain succinctly the valorization of coffee.
- b) A conference was held in Rio de Janeiro in August, 1911, to consider the valorization of rubber. Discuss its feasibility.
- c) Discuss similarly the practicability of valorizing nitrate.
6. a) You are an American manufacturer of sewing machines. You have decided to enter the Latin-American market. How shall you proceed and why, bearing in mind the nature of your product, its potential consumption and the location of the market.
- b) Substituting flour for sewing machines, how would your answer vary?
- c) And how with shoes?

We in Chicago have recently become interested in the building up of trade in South America. We have sent our own representatives to Buenos Aires to open up a sample room and make business connections for us. How we would welcome employees who were able to pass the Harvard examinations bearing upon the Economic and Commercial Organizations of Central and South America! How helpful a man, with such preliminary training, would be as a sales manager in charge of foreign business.

Or to quote from the same papers, how fortunate a manufacturer who could pick up a man familiar with industrial organization and able to answer the following:

INDUSTRIAL ORGANIZATION

1. Prepare a chart for a combination line and staff organization for either a textile mill, a shoe factory, an engineering plant, or a leather plant, giving suitable titles to the various officials.
2. How would you arrange the buildings for a ship-building establishment, including foundry, forge shop, pattern shop, pattern storage, power plant, boiler shop, machine shop, carpenter shop, paint shop, erecting shop, tool shop, storehouse and offices, on a rectangular plot of ground, one end on the harbor, and with a railroad running diagonally across the other end?

In such papers, prepared under the eyes of Professor Kinley, a man of Pan-American knowledge and fame, or

proceeding from the Harvard training school for business executives, we find hope that the new type of university man who comes to us for employment may come not so much as a learner but as a teacher.

Indeed, I would advise that this School of Administration, unless such practice is already in vogue, issue special advertising advices to employers in large business, informing them what this institution is doing to fit the new man for the new twentieth-century job. It is not enough to send a catalogue when someone requests it. It is not a catalogue that a business man wants. He wants to know what you are selling and he wants the information given to him with the brevity and pungency of a business letter. Then follow up with the goods—with the new business boy.

With this impressive growth in mind—a service meeting the requirements of modern business and offering the instrumentality of its expansion and regulation—I desire to lay before you certain interesting thoughts from leaders in Chicago business, the range of their experience embracing most of the courses offered in this great university.

LETTER FROM A SUPERINTENDENT OF MOTIVE POWER OF A LARGE
RAILROAD SYSTEM

What are the characteristics of the young man applying for work, who has had some business education at college or university?

A college or university is part of a young man's environment, but in speaking of a young man's characteristics, it must be borne in mind that heredity as well as environment is an important factor in the formation of these characteristics. Oftentimes, a university is blamed for the lack of qualities which it could never supply. Environment is probably the more powerful factor though and has produced what might be called two classes of college graduates. One class consists of fellows who have worked their way through school, either wholly or partly, and the other class consists of fellows who have been lavishly supplied with money and in many cases are in college so as to be out of the parent's way. Fellows who have had to work hard will be careful, ambitious, considerate of the man who has to earn his living, will have initiative, be able to take hard knocks without becoming discouraged. They will

have a high moral sense and be very clean livers and in general, will choose an occupation to which they are adapted.

The other class of men often lose sight during their college career of the serious side of life work and often train for positions to which they are not adapted, having been led astray by a promising financial outlook. These men will not be so well informed on the technicalities of their position and oftentimes have developed tastes which lead them to devote time to pleasure which should be given to studying their job. If put into a position where they come into contact with men whom they consider beneath them, they will lose many valuable points concerning detail.

However, it is hard to form a general case, and there are many exceptions in either class. Then, too, the advent of the college man into the business world is of such comparatively recent date, that the universities have not had a chance to study the results of their work and strengthen the weak points.

How does he excel?

The college man will excel one who has not had that advantage in the following ways: His knowledge of fundamentals, such as the sciences, mathematics and English, gives him an ability to read intelligently current literature bearing on his position. Especially is this important in the case of a man who is employed in the engineering field. The training a college man gets inclines him to look beyond a minor position he may be filling as a starter. He is more inclined to view his own position as it relates to the organization of the company as a whole. He is also able to solve problems which are out of the ordinary routine.

In what does he lack?

Perhaps the chief failing of the college man is the restlessness due to the knowledge that he is only filling a subordinate position. He desires promotion too soon and minor positions are not paid so as to enable him to live as he might desire. He often does not realize the full significance of the knowledge the practical man has gained from experience. If he knows his direct superior officer is not a college man, he is inclined to think himself superior, which is sure to start trouble, to say nothing of the many valuable points which may be picked up by experience, and which a superior attitude always loses.

If he has moral stamina does he eventually advance the standards and efficiency of your business?

Possessing moral stamina, he undoubtedly advances the standards of efficiency because he will not propose anything without a reason, and will prove his results with figures. His training allows no factors to escape which should enter into the solution of a problem.

Is he desired as a new employee or are you indifferent to his coming?

That a certain percentage of new employees shall be college or technical men is very desirous and instead of being indifferent, we look for them.

Does his academic training need only the technical training of your road to make him the new business man?

This question cannot be answered by "yes" or "no" on account of the heredity characteristics of the man. Some men might go to a university a lifetime and then be a flat business failure. Given equal business ability to start with, the college man will undoubtedly excel the non-college man in business.

Is his spirit towards his job right?

The answer to this question concerning a college man's attitude toward his job is contained in the answers to the previous questions. He will take great interest at first, but interest lags and he becomes dissatisfied as he comes to a realization of the long, hard path it is to the top. Many subordinate positions have a degree of sameness and monotony connected with them which causes a spirit of unrest. I think, however, that the average college man is very conscientious about his work and has a tendency to give all that is in him.

Are the leaders of modern business to be found anywhere else than in the applicants from our schools of commerce, who sincerely and persistently seek adjustment with the condition of business?

To say the leaders of modern business are to be found only among the graduates of our schools of commerce is against the very institutions of our country. So many factors enter into the proper man for the proper position that merit alone should be the basis for the final judgment and all men should have equal opportunities regardless of whether they are graduates of schools of commerce or not.

The answers to these questions can only be considered general. It is the experience of one man but the experience of some other may be entirely different, as well as the personal opinions. The problems of modern business are becoming more and more complex, so that for the logical and scientific solution of these problems, reasoning powers are demanded, which can be developed only by a course of training such as a college or university gives. Many problems involve not only a knowledge of business principles but also a knowledge of economics and even psychology. All these elements can be properly studied only in a school or university, but the student must be made to realize the immense importance of the practical side and not get the idea that when he obtains a diploma he has no more to learn. The business he engages in is in reality a school. He begins at the foot or primer in such business and should go through every department and thus attain a detailed knowledge that will assist materially when he reaches the more important position of manager, etc., in handling the business and forming policies that will make for success.

FROM THE PRESIDENT OF A RAILROAD

It seems to me obvious that one cannot make an absolute statement that college men are better than non-college men, or that the reverse is true. Generalizations are dangerous. I regard college experience as like a little world which gives a man a good many of the same sort of experiences that he will meet in the real or big world. In the colleges that I know most about he will find all sorts and conditions of men, not only in respect to wealth, but also attitude of mind, morality, etc. If a man is weak he is liable to be swept away by temptation; but it is at least a question whether this man, going into the world without this experience, would have been safe.

It is generally conceded that college education means a good deal more today than what is learned out of books. If schools and colleges do not prepare boys and girls for life, they are a failure. To my mind, the most important things that a college can teach are methods of work and ideals. If men are going to be judged simply on the basis of accomplishment, regardless of the methods they employ, I presume one hundred men, taken at random, without a college education, will show up quite as well as one hundred men, taken at random, who have. Any man of experience knows that there are always opportunities to "cut corners" and to reach the goal you are striving for without strictly adhering to the rules of the game. Some men think that if the umpire is not looking it is all right to do this; and I do not pretend to claim that the college men are wholly above reproach; but I do believe that as a rule their ethical and moral standards are higher.

When it comes to scientific work or technical work of any kind a college man has a tremendous advantage over one who has not had the advantage of a college education. Even if a man knows absolutely nothing about the subject he is investigating, but from having absorbed the correct method of undertaking any scientific investigation he goes to work at the new problem to learn the facts, and will not try to form conclusions until he has considered all the facts. The method too often followed by the man who has not had the advantage of training in scientific methods is to select those facts which prove what he desires to show or re-enforce a preconceived notion.

With this preface, I will answer your queries:

1. *How does he excel?*

If at all, he excels through greater knowledge of life.

2. *In what does he lack?*

I do not think any general statement would fit the case.

3. *If he has moral stamina, does he eventually advance the standards and efficiency of your business?*

I think he does.

4. *Is he desired as a new employee, or are you indifferent to his coming?*

It is an old saying that "You can't make a silk purse out of a sow's ear." The desirability of a man depends even more on his personality than on the training he has had.

5. *Does his academic training need only the technical training of your road to make him the new business man?*

I would rather have a broadly educated man, unfamiliar with technique of any trade or business, than to have a man who had simply the technique without the foundation. Of course, in some lines (engineering, for instance) it is absolutely necessary to have the technical knowledge; but a man who has a technical training without a broad foundation doesn't get very far unless he has sufficient persistence and ambition to educate himself in the great university of life.

6. *Is his spirit towards his job right?*

This depends largely on the character of the man. It is quite the fashion to make jokes about college men being vain or conceited about their knowledge of things, but it is not my experience with them as a class. Of course, individuals may have these faults, and nothing will eradicate them. But school and college is as likely to eradicate this sort of vanity as any experience.

7. *Are the leaders of modern business to be found anywhere else than in the applicants from our schools of commerce, who, sincerely and persistently, seek adjustment with the conditions of business?*

I am not sure that I could give an affirmative answer to this leading question, but I believe that the necessity for well-trained men is increasing, rather than diminishing. The door will never be closed to the man of unusual ability, persistence, ambition, and grit who gets along in spite of lack of education or who educates himself in spite of inadequate opportunities.

LETTER FROM AN ACCOUNTANT

1. *Characteristics.*

He regards theories with too much respect and knows not enough of practical things. Frequently he regards himself as superior to his fellow-workers, who have had no college education, and sometimes seems convinced that he knows more about the business than its managers.

2. *How does he excel?*

In deportment towards customers and visitors, in a quick grasp of explanations made to him, and frequently in being resourceful when there are no precedents to follow.

3. *In what does he lack?*

By all means his greatest lack is practical information concerning business affairs. He also frequently lacks a knowledge of the importance of promptness and of giving attention forthwith to anything which needs such attention.

4. A knowledge of the markets at home and abroad and the customs of the trade.
5. To understand foreign tariffs, foreign weights, measures, and moneys and the exchanges.
6. To be acquainted with the technicalities of commercial documents, such as bills of exchange, bills of lading, insurance policies, etc.; and to have some knowledge of commercial law.
7. To know the principles of bookkeeping and accountancy.
8. A knowledge of economics bearing upon commerce; and the use of trade statistics.

Thus hastily described is the kind of training needed for leaders in business under the new conditions. The schools of commerce are furnishing it more or less completely, more or less successfully, and young men cannot now get it in the way advocated by the old-fashioned business man. Doubtless even yet, as we may gather from the report made this morning, many business men think that a minimum of school training is desirable. Many of them still think that the blue overalls and hammer are the mark of the engineer rather than the diploma for skill in higher mathematics. Even yet I think there are a few lawyers who believe that the best training for the prospective young lawyer is sweeping out their offices rather than passing the examinations of a law school. For the most part, however, in engineering and law these opinions have disappeared. "So, too, I believe," remarks Mr. Vanderlip, in the address already referred to, "we will in time come to recognize, though perhaps not to so full an extent, that the door to commercial leadership will be through doors of those colleges and universities which have developed courses especially adapted to the requirements of commercial life."

A complete system of commercial education will provide in the lower schools for the stenography and bookkeeping, and all the other kinds of work for which there is so widespread a need for routine positions. But for the future leaders of business, we need preparation of a different or at any rate, an additional kind.

The courses in commerce in colleges and universities should supplement and be built upon properly organized

which we have to work, and to secure a knowledge of the customers with whom we are to deal.

In the next place, the leader of the business world in many cases must know how to handle men, how to get on with those he does business with. I believe it was Lincoln who made the homely remark that you can catch more flies with molasses than you can with vinegar. We have had a little too much in this country of the notion that business should be promoted by favoritism, yet we cannot have too much of the notion that business success depends upon proper appreciation and treatment of the men with whom one has to do business.

Finally, as has been repeatedly remarked, we need in the conduct of our home business truer notions and better standards of the relations of business to public welfare. Now the imparting of knowledge of all these subjects and training in the application of the principles which underlie them are the work which the schools of commerce have set themselves to do. So far as they are successful, their graduates will be enabled to improve business practice, establish higher business ideals, enlarge the volume of industry and trade, broaden their scope, devise new methods, find new markets, win larger personal successes, and make the community more prosperous. So far as these schools succeed in all or any of these respects, they justify their support.

What they can do for our domestic trade they can do in large measure to promote the expansion of our foreign trade. As illustrating the training needed by a man who is to go into *foreign* trade as a leader, I quote the following requirements laid down by an English writer as necessary for the British merchant doing a foreign trade to conduct his business properly :

1. An effective knowledge of foreign languages.
2. A knowledge of the modern methods of importing or exporting goods, including freightage and modes of transport.
3. A thorough knowledge of the goods in which he deals, and of the sciences bearing on his trade.

training we give in them, the more young men we turn out who are capable of enlarging and improving business.

Technical knowledge, moreover, implies a knowledge of our own resources and how best to utilize them. The wholesale grocer, or dry-goods man must know something about the sources of growth and the manufacture of the goods he handles if he is to buy in the best markets and get the best products. Indeed, the wholesale grocer and the great dry-goods merchant scour the world now for this very purpose.

In the next place, the successful leader in trade must have a knowledge of the principles of organization and administration, and of social and industrial economies. One of the most common remarks in discussions of currency reform in recent years is that the ordinary banker knows no more about the matter than other men; yet the banker, dealing with money matters, would be supposed, according to our older standards, to be the man who should know most about such a subject. But it is one thing to be able to pass upon applications for loans by scrutinizing the conditions of personal credit, and it is quite another thing to be able to grasp the principles that control the banking system as a whole, and its relations to the economic life of the people.

Again, in the matter of efficient organization we are woefully lacking. We have heard much of efficiency in industry, but it is the efficiency that comes from the better application of labor. We need it as much if not more in the *organization* and *administration* of business.

A more efficient organization is necessary not only in the internal relations of every individual business so that proper functions will be assigned to each department, a proper division of labor obtained, and costs in all lines reduced as far as possible. Business needs to be organized for advertising, for selling, in its local relations, for the discovery and utilization of markets, for expert knowledge of transportation routes and rates; for expert knowledge of the sources, character, and methods of competition against

sary to success in solving these problems? What must we know? What must we do? What kind of men must we have? Can the schools of commerce train them?

In the first place, it is clear that we need to develop and apply technical knowledge to our natural resources, and this the colleges and universities are doing abundantly. One who knows anything about the great industrial and commercial success of Germany must admit that one of the principal reasons for it is "the prompt and intelligent use which has been made of the schools." The Germans have developed and applied scientific and technical knowledge to natural resources that are comparatively scanty, and have achieved a degree of success that otherwise would have been quite impossible. Our own business men have, in a half-hearted way, given approval to what they think is technical and scientific education. They have encouraged what they think is "practical" education, and too often they have made the mistake of thinking that putting a man into blue overalls and teaching him to use a hammer and a file, or a saw and plane, was practical education. Our practical education is too often the kind that may properly be described as training machinists rather than engineers, bookkeepers rather than superintendents and managers. The former work is indispensable, but the situation which confronts us now is the need for leaders and organizers in industry and trade, both domestic and foreign. True, these leaders and organizers need practical, or, more correctly, technical knowledge. But technical knowledge, from the point of view of the man in *trade*, means more than is commonly supposed. It includes, for example, knowledge of commercial geography, a sufficient knowledge of the elementary principles of law to talk intelligently about business contracts, a mastery of some foreign language, and a knowledge of foreign conditions of industry and trade. Such knowledge for the purpose intended is technical knowledge as truly as the knowledge of the engineer. These are all subjects of treatment in our college commercial courses, and the better and fuller the

whether wrongly interpreted or not, has of late led to the reversal of feeling on the part of the people at large concerning business and business methods. A few months ago Senator Root, of New York, told a group of business men, in substance, that there are thousands of people scattered all over the country who believe that the men of business are robbers of the public, and not very scrupulous in their dealings with one another; in short, that it is in business life where least of all we find high standards of common honesty. His statement that such an opinion prevails widely is undoubtedly correct, although no one who has a wide acquaintance among business men, or has studied changes in business practice, can agree that the opinion is as fully justified as some people like to say. The fact is that the standards of our business practice compare favorably with those of the business men of any other country. We find in the ranks of men engaged in trade and industry many of as high ideals of personal and professional conduct, and with as great a self-devotion to the interests of the public, as can be found in the ranks of the scientists, lawyers, or probably, the university professors. Nevertheless the opinion described exists. It has some justification and it points to the necessity for a more conscious and deliberate promotion of approved standards in business practice.

We are concerned then in our economic life with these problems: The more efficient organization of our industry and trade; the better utilization of our natural resources; the enlargement of our industry and commerce; the enlargement of our home and foreign markets; the means of meeting keener competition both at home and abroad, not only to supply our home markets, but to secure entry into foreign markets; the adoption of standards of business practice which will satisfy the public, and the adoption of an attitude or relationship to the public welfare which will satisfy the people at large that their natural inheritance is not being exploited for the benefit of the few. What are the conditions, or some of the conditions, neces-

the rapid diminution of the resources that nature has so abundantly given us. Not, indeed, that we have reached anything like the development of our resources common in the countries of the Old World, but that we have suddenly seen with a shock that the bountifulness of opportunity was not permanent. To use a homely phrase, we have been skimming the milk of our natural resources and living on the cream. We did not skim too deeply; so the cream still rises; yet after all, what is left is not so rich, or at any rate not so easily gotten, as that which was within the reach of our predecessors. Our economic policy has stimulated our manufactures until in many lines they over-supply our home market, and competition has been pushed to the point of warfare and resulting monopoly. Even the alleged economics of monopoly and combination, while in some cases reducing prices or preventing their rise, have not diminished the supply of goods or made less keen the sense of possible failure due to an output beyond our absorption without a reduction of profits for the maker. This over-rapid development, besides making competition at home more ruthless, and leading to the establishment of those vast monopolies known by the various names of trade combinations, trusts, combines, etc., has impressed upon us still more the necessity of enlarging our foreign trade.

At the same time our population has increased by leaps and bounds. The number of people seeking now to put their buckets in the well is far larger than can get around its rim. We are far from crowded, as that term would be understood in Europe. There is room for millions more, but not under the conditions of industry and trade which have hitherto prevailed. The increased crowding makes more necessary greater regard for the interests and rights of one another, and impresses upon us more clearly the need not only for new standards in our business relations, but also in the relation of business in general to what is commonly described as the public welfare.

The contempt for public opinion and the ruthlessness of competition, and the general attitude of business men,

our banking, our shipping, our finance, and in large measure, prescribe the regulations under which we should do foreign business at all.

The training, character, and ideals of our business men of the past generation reflect the conditions that have been described. In some respects they have been the ablest men in the world. The stimulus of great opportunity developed an unequaled native ability in certain respects, which made our business men contemptuous of the slower, more exacting and more careful methods of their foreign brethren. They called for no special training for business life, because no special training was needed to cope with the difficulties they met. No special training is necessary against competitors to fill one's bucket with water at a well whose rim is large enough to give plenty of room to all who have buckets. These conditions developed a group of men self-reliant, daring, contemptuous of restraint, virile in the pursuit of their own ends, careless of refined methods, and without a proper appreciation of their duties either to the existing public at large, or to coming generations. That is to say, our business methods and policy have been wasteful, crude and, in a way, harsh. They have wasted the natural resources which are the heritage of the whole people; they have developed too large a contempt for the interests of the public, and too little sense of obligation to the public, and have not always drawn finely in their business relations distinctions of honesty which in personal relations were scrupulously observed.

The past generation has seen a rapid change in the situation thus roughly outlined. Less than fifteen years ago the world saw with astonishment our impetuous inroad into the field of foreign trade. We ourselves felt, as our people had never felt before, the stirring impulse of the sense that we were a world power, not only in a naval, military, and diplomatic way, but in the field of trade. We needed an outlet and we felt ourselves industrially and commercially strong enough to seek it. Within that short period we have awakened to a realizing consciousness of

could supply all that we ourselves consumed and have a surplus to sell without getting something in return. In other words, we have followed persistently the policy of the development of home industry in manufactures, and have seen with satisfaction the upspringing of industrial activity in almost every line of human effort. Here again, as on the agricultural side, success was comparatively easy. A market of indefinite and growing extent was assured in the first instance for pretty nearly everyone who undertook to go into manufacturing or into trade. We did not need to bother ourselves in the early days about seeking an outlet for our surplus manufactured products, for we had none. Our manufacturers and merchants had more than they could do in supplying the markets which a growing population with boundless natural resources furnished them.

It is not to be wondered at that under such circumstances the character of the business developed should hardly accord with conditions that have arisen since; that the standards and ideals of business conduct developed under such a system should be looked on askance in the different regime that prevails today; that men still living who have succeeded under such conditions should not see that their success is not an assurance that others, who lack proper preparation, in the future will succeed equally well, or that the relation of business to the public and the responsibilities of business men to the public welfare should in time become very different.

With reference to our foreign trade and its methods under the conditions which have been described as prevailing until within the last twenty-five or thirty years, it may be said that we had no foreign trade methods. Regarding the country as a whole, our position was that of the lucky farmer who had a larger crop than he needed for his own consumption and had something to sell to a neighbor, who, without any effort of his, stood at his door ready to buy. No attention was given to the principles of foreign exchange. We have let the foreigners do

The principal work of the people of the United States during the first century and more of their existence was the conquest of the natural resources of the continent. We have been blessed with abundant resources. We have had and still have a sparse population scattered over an immense fertile territory, yielding to a little labor far larger results than the greater efforts of men in older communities could hope to get. Until a short time after the Civil War we were almost exclusively an agricultural country. Our wealth consisted almost exclusively in agricultural products. Comparatively speaking, industry was little developed, and our foreign trade for a country of our extent was negligible. We contented ourselves principally with exporting raw materials which were secured abundantly by slight labor. We aimed to be self-sufficing, in the sense that we discouraged attempts to supply our wants from other countries. Then, too, there was plenty of elbow room. Every man could push on to his individual success without crowding his neighbor; the rules of the game of competition, so to speak, it was scarcely necessary to observe. Indeed, many scarcely realized their existence, for there is little danger of fouling in a race in which the track is so broad that the competitors scarcely come into contact with one another. Moreover, there was enough for all. However great the success of one, another was not excluded from securing at least a comfortable livelihood. Under such conditions not only was it not necessary to devote much attention to preventing possible injury of one competitor by another, but it was also unnecessary to lay down rules concerning the relation of individual effort to public welfare.

Our economic policy, deliberately adopted, accorded with the conditions described. We set our faces towards the development of home industry. We adopted a system which, as we hoped, protected us against the competition of the people of other countries in lines where we thought ourselves weak, for the purpose, as has been repeatedly said, of supplying all our own wants; as if, forsooth, we

SCHOOLS OF COMMERCE AND IMPROVEMENT OF BUSINESS

DAVID KINLEY

Director of the Courses in Business Administration, University of Illinois

Some years ago the Honorable Frank A. Vanderlip, formerly Assistant Secretary of the Treasury, now President of the National City Bank of New York, made these remarks: "With the limitless wealth of resources which we have had in America, the successful conduct of a business enterprise has been a comparatively easy matter. Nothing short of egregious error has been likely to lead to failure. Any ordinary mistake in judging conditions or in the application of principles has, as a rule, been obliterated by the rapidity of the country's growth and the extent of its industrial and commercial development. If some of the men who have made notable commercial successes had been forced to face the harder conditions that exist in the old world, the measure of their success might have been very different. Had they been confronted by a situation where population was pressing upon the means of subsistence, where all the soil was under cultivation, where the mineral resources were meager, and where there was lacking the wealth of the virgin forests, they would have needed greater abilities and better trained faculties in order to achieve marked success. . . . One should not lose sight of the fact that the lavishness of opportunity has brought commercial success to many who have come into the field ill prepared and with small ability."

These statements describe a situation the full importance of which few of our business men fully realize. Too many of them are accustomed to depreciate the importance of education for business life on the ground that they have gotten on without it. As has just been remarked, however, it was comparatively easy to get on without it as things have been.

From all these letters from prominent and successful men in different walks of life, you may see that they think the college graduate should have a tremendous advantage over the non-graduate, provided he realizes that certain fundamentals are to be taken into consideration, besides that which may be learned from books.

These letters bring out certain traits and these I now summarize.

It seems to be the judgment of the business world that among applicants for employment from our colleges there appear the following negative traits of character:

1. Impatience to succeed
2. Lacking in persistence
3. Tendency to snobbishness
4. Lacking in industry
5. Lacking in thrift
6. Lacking in technical training (has more than old college type)
7. Lacking in appreciation of time
8. Easily discouraged

Upon the other hand, it is most encouraging to note from these judges of employees that the college graduate has:

1. More concentration
2. Knows where and how to look for information
3. Reasons from one step to another
4. Is more adaptable
5. Is more conscientious
6. Has keener appreciation of the duties of life and its responsibilities
7. Is able to solve more difficult problems
8. Has higher ethical and moral standards
9. Has larger view of life

My trial balance would be the new college boy is adaptable to the place he seeks and his problem of adjustment is on the way to solution.

2. Where college graduates have worked their way through college, especially by canvassing during vacation periods, they have taken to the business more readily and get satisfactory returns more quickly.

3. When a college graduate who has had no selling or business experience consults us, we advise him to seek an opening where he will get general business experience and have a chance to learn the ordinary methods of procedure in business life. If a young man would spend from three to five years gaining such experience he will, with the added maturity, be much better qualified to make a success in selling insurance.

4. As in everything else the man must be adapted to the business temperamentally and otherwise. In our opinion there are many young men with brains and ability who for temperamental or other reasons are unable to adapt themselves to the requirements of the business.

These points together with the general observation that a college man finds it difficult to start where his friends who did not go to college started four years before would seem to cover all that occurs to me at this moment.

FROM THE PRESIDENT OF A BANK

What are the characteristics of the young man applying for work, who has had some business education at college or university?

He is not hurt by such education but is apt to think he knows more than he really does and has something to unlearn usually.

How does he excel?

By being able to bring a partially trained mind to bear upon the work.

In what does he lack?

Nothing, except perhaps the experience of having to work for his food and clothing, which a boy of the same age who has not been to college has had.

If he has moral stamina, does he eventually advance the standards and efficiency of your business?

Yes.

Is he desired as a new employee or are you indifferent to his coming?

Very few enter the banking business, and as a rule we do not seek them.

Does his academic training need only the technical training of your bank to make him the new business man?

No, nothing but actual experience of failure and success make a business man.

Is his spirit towards his job right?

Yes, in most cases.

Are the leaders of modern business to be found anywhere else than in the applicants from our schools of commerce, who sincerely and persistently seek adjustment with the conditions of business?

Some of them come "from the ranks."

survival of the fittest will carry the college man of right ability far beyond the grammar or high-school graduate, unless the latter is of exceptional mentality.

LETTER FROM A MANUFACTURER

I favor the college man in business, for I believe he begins to work with a keener appreciation of the duties of life and its responsibilities and that he enters into his work with a great deal of zeal and enthusiasm in consequence, which must of necessity result in success.

The simple fact that a young man has passed through a college or university is evidence in itself that he has ability and application; that he is not an unknown quantity, for he has already made a record that is recognized.

The college boy or man has learned one thing that I feel is all important and that is application. My experience and observation teaches me that the one thing in particular that most boys or young men lack on entering a business life is application, or perhaps it might be better to say concentration on their job, and I firmly believe that a college training is of very material benefit in correcting this.

ADJUSTMENTS INVOLVED ON THE PART OF A COLLEGE MAN IN ENTERING THE LIFE INSURANCE BUSINESS

1. To try out and true up the application of his training in college to the real problems of life, which involve economic, social, and moral factors. To take the qualifications involved in "making the team" and use them in making a "touch down" in real life against the opposition of ignorance and indifference as they appear in connection with the human problems involved in life insurance service.

2. If the college man has neglected to seriously consider the problem involved in becoming a man, who is to be admitted to society, with all of its privileges and responsibilities, his first big adjustment will be to solve this problem for himself. For one cannot hope to be of service in helping the other fellow solve the problem, if he has not solved his own.

3. To appreciate that success in life, and especially in the business of life insurance, depends upon self-management, plus the proper use of time as it is valued in real life.

LETTER FROM AN INSURANCE FIRM

1. The average college graduate who has had no previous business or selling experience, is as a rule not adapted to early success as an insurance salesman. Progress is so slow and returns are so small that he does not stay with it. How many would ultimately succeed if they could be carried along it is, of course, impossible to state.

cause of their having had mental training, they progress much more rapidly than the man who begins with an untrained mind. The opportunities for such young men are many. There never has been a time in the last twenty-five years but what our house alone could take on a score or more of such men and where they have moral stamina, good common sense and are tireless workers and backed by their academic training, their success is assured. Unfortunately, all of the above combinations are seldom found in a man.

I think one of the principal difficulties is that the process of development necessitates the beginning at the bottom and the process is too slow for the average college man. With such impressions it is impossible for one to have the right spirit towards his job.

Strange as it may seem, a large per cent of our staff is made up of men who have had little, if any, college experience. The young man with the spur of necessity prodding him and with habits of industry and thrift well established and full of strength of body as well as mind is the natural one to make progress.

LETTER FROM A MANUFACTURER

I am in receipt of your letter in regard to the college man in business. First, he excels in his general knowledge of men and affairs. He lacks the technical training in the industry and for the first six months must necessarily spend all of his time in the acquiring of it. If he is of the right moral stamina and is with us at the end of six months, he will start to grow and will grow far beyond and in a shorter time than the fellow who comes in with the high-school training.

I am speaking now from the distributing end of the business, where in my judgment the college graduate should excel, and also from the standpoint of a superintendent of a manufacturing plant. I do not consider it against the college man if at the end of six months he does not stay with the industry with which he first attaches himself upon graduation.

The botanist Gray defined a weed as a plant out of place. Too many men are weeds in industry, who would become roses if placed in the right rose garden. Too many college graduates accept the first job which is offered, whether they are fitted by nature or talents to the position; that such men should change after their first six months in an industry, if they or their employers find they would be better somewhere else, in the writer's judgment, should not be charged against the college man.

Too many of our generation have forced themselves to fit in square holes, where they would have done better in round ones, had they been in position to make a better choice at the beginning of their business careers.

I am a hearty believer in the college man in industry. The natural jealousy on the part of the fellow who starts from the grammar or high school for the college man must always be met with, but the law of the

to grasp details with the result that he was not forced to leave details entirely to the man under him, and while in many instances the modern way of doing business is for the man at the helm to turn details over to his subordinates, still if he has a mind trained for details it is of great benefit to him. This might answer your question "How does he excel?" This, of course, is an isolated case where a man has an opportunity of being placed immediately at the head of a business and probably would not apply to the men you are thinking of. In our own particular line of business we have noted at least fifty to seventy-five men who started at the bottom with us, who are today earning either with us or someone else, salaries of from five to ten thousand a year, and they had no college training. I personally believe the whole matter rests with the individual. We have had a number of young men graduates from college apply for positions, all of whom remained with us a short time only, the difficulty being they are not willing to start at the bottom and work up through the ranks; this is one objection that I have noted in college men. He feels, so to speak, a little above the average fellow and believes it is due him to start at the top, with the result that those whom I have come in contact with are at the age of forty still working in minor positions, because they have jumped from pillar to post in an effort to get at the top quickly. This is an answer to your question, "What does he lack?"

As to the other questions. I can only repeat that from my personal experience it rests entirely with the individual. We have no objections to employing college men. I only speak with reference to the retail merchandise line on State street, and I believe if you will make an investigation, you will find that ninety per cent of the department store men who are making from five, ten, and fifteen thousand a year started at the bottom on salaries of from five to six dollars a week—or a little higher—say twelve or fifteen dollars weekly. In every case they have been willing to work along for five or ten years until they have been gradually advanced. I have often remarked upon this condition and wondered why so few of our great department stores are conducted by college men. I refer particularly to department managers, superintendents, and like positions.

FROM A WHOLESALER

We have comparatively few applications from men who have had some business education at college or university. Occasionally a young man who has graduated from college or university makes application with the idea that he is competent to do almost anything; therefore does not expect to begin at the bottom and work up. Such applicants must of necessity be turned down.

Occasionally we find a man having a college education who is ready to take hold as a beginner and is perfectly willing to take his chances on the future. Almost without exception such men make good, and be-

4. Does he advance the standards of efficiency?

His influence eventually becomes beneficial to the organization of which he is a part.

5. Desirability as a new employee.

He is more desirable than one who has not had his training and will more rapidly become expert in the performance of his duties than will an employee who has not had the benefit of college education.

6. Technical training the one need.

I should say that he needs more than the mere technical training of the house by which he is engaged to fit him as a business man. He needs to mix with business men and acquire their point of view in matters that are common to all lines of business.

7. Spirit towards his job.

The spirit of the college man towards his job is not very different from that of employees who have not had college advantages. He may have a higher conception of the duty he owes to his employer and may be quicker to discriminate where nice questions of conduct and duty are involved.

8. Leaders found in the applicants from schools of commerce.

Unquestionably the graduates of schools of commerce eventually become the leaders in the lines with which they affiliate, assuming of course that they have the elementary requirements of perseverance, industry, and integrity.

I can hardly think of further comment to make which would be of use. If the graduate of the school of commerce can be convinced that the preparation which he has received at college is only partial and does not turn him out a finished product, and that his finishing is to be accomplished in the business with which he engages, his success will be much quicker and much more pronounced.

In the accounting business, we find that graduates of schools of commerce, who seek to enter our line of work, are prone to believe that they have learned from books a very great deal which is only to be acquired by experience. It is true that all they have learned from books is useful, but in this particular line of work experience without book learning is very much more valuable than book learning without experience.

LETTER FROM A LARGE RETAILER

Inasmuch as I did not attend college, I fear that my answers to the questions submitted would be of no particular benefit to you. I entered business at the age of nineteen and have been actively engaged since that time. My brother, general manager of our business, spent two years at Cornell. We have noticed since he has been with us during the last four years that his academic and technical training have been of particular benefit to him pertaining to details. His mind has been trained

and equipped commercial high schools and secondary schools of still lower grade. It is the province of the university courses to train, if I may say so, the race horses of business life, the leaders—not those whose time is to be absorbed in routine. That this can be done is the belief of a growing number of business men, and is already practically an accepted doctrine in higher educational circles. If our home industry and trade are to expand and improve under the harder conditions that now confront our business men, it can do so only under the leadership of trained men, and, as I remarked a few moments ago, they cannot get their training in the offices or the shops. The apprentice system has passed away. No young man can get an adequate idea of the organization of a whole business or its methods in various departments by going into one of these departments. How much banking does a boy learn who goes into a large city bank? He is merely a tooth in a cog of a great machine. The managers and directors and presidents of great business concerns have no time to teach boys.

For these reasons it has become necessary for the universities to provide the courses of training in commerce similar to those which have already become well established in engineering and in law. It is the purpose of these courses to send to the business houses young men without, indeed, the experience of their office boys—and also without their assurance—but with a knowledge of the principles and to some extent of the practices that prevail in their business. They come with a knowledge of the principles of business organization, of accountancy, of elementary law, of finance, of money and credit, of markets, routes and methods and rates of transportation and communication, and other subjects, according to the character of the business they aim to enter. Now it is true that in every calling, be it preaching or banking, a certain amount of what is called practical experience is necessary for the highest success. But practical experience, after all, is only the application of known principles to specific condi-

tions. It is foolish to say that the highest success can be attained by the person who tries to make this practical application of known principles to specific conditions without knowing the principles to begin with. Such a view may be likened in an extreme way to the claim that the porter of a parlor car could build one because his duties make him familiar with its internal arrangements. It took a Newton to give us great laws of the universe, yet Newton could not add a column of figures correctly. It was Napoleon who made anew the science of warfare, yet it is questionable whether Napoleon could have fired a cannon and hit the mark. In other words, the great need for business expansion at home and abroad today is leadership of a trained and broad-minded kind; leadership with organizing ability and wide knowledge. This is true, too, of the leaders of divisions and departments as well as of entire business establishments. The foreign representative of an export house must know his language, must be familiar with the habits and point of view, if you like, the psychology, of the people he deals with; with their laws, tariffs, ways of doing business, trade routes, and a variety of other things which can be obtained only by preliminary study in the college course. Here, then, is the function of the university courses of commerce in the improvement and expansion of our trade. It is to furnish courses of study that will train men for the more important positions of leadership in every division and branch of trade.

But the universities have another duty in training the young men of the coming generation of business men. While giving them the training and knowledge necessary to their personal success as business leaders, and necessary to the improvement and expansion of business, the university colleges and schools of commerce must also teach them to set up higher ethical standards in business. There has been in our business life in the past too much of the thought that everyone should take care of himself, whatever the consequence to his competitors or to the public.

We need to develop in our young men imagination and the spirit of investigation, the capacity and desire for generous leadership, and a high sense of moral obligation to their fellow business men and to the public at large. It is often said that the ideal of the American business man differs from that of his European competitor in this way. It is the ambition of the American to build the biggest and most powerful business of its kind in the world. He has an ambition, not for the money that is involved, but for the power that that money represents. His European confrère, on the other hand, often says that his ambition is to build a business which will yield him a respectable competence so that he can retire while his mental powers are still unimpaired, and devote himself to a life of culture, leisure, and public service. Doubtless, we need men with both ideals, but we certainly need more of the latter kind than we have had in the past. It is true that there are leaders in business who care as little about their personal reward as do many men engaged in scientific research. They are devoted to the attainment of certain ideals, commercial ideals it is true, yet ideals. Their ambition is to expand and develop business so as to discover new fields of operation, new and better methods, and to perfect an organization or system which will stand as models for their competitors and successors. This is the spirit of the investigator and the public servant. It is no more likely to miss the goal of rendering public service than is that of the man who devotes himself in his laboratory or his study to an investigation which brings no personal reward aside from the distinction of telling the world something new. To put the matter in another way, our university courses in commerce are aiding business by training our young men in what President Hadley has called the sense of trusteeship in business. The development of this sense of obligation to the public, the acceptance of the ideas that personal success in business is to be best secured by conducting business as a service to the public, and that success which

is achieved by the exploitation of the public is not a worthy success, is one of the most important needs in American life. The university schools of commerce are training young men to this ideal. They are turning out graduates who will not regard a railroad as their private property, but who will know from their study of the fundamental principles of economics and of railway transportation that a railroad is a public belonging in a very important sense, and must be managed in ways that will promote the public welfare as well as the private interests of the men who have invested their capital in it.

To teach how to achieve personal business success through service to the public rather than by exploiting the public is the *aim* of our university schools of commerce; the studies relating to business are their *subject-matter*; training in the principles which underlie and constitute these studies and in the application of these principles to practice, is their *method*. Their *result*, in the measure of their success, will be better business, bigger business, larger-minded business men, and a more prosperous and better-ordered community life. And *thus* our schools of commerce are related to business expansion.

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PRESENTATION OF THE COMMERCE BUILDING

W. L. ABBOTT

President of the Board of Trustees, University of Illinois

It is indeed a far cry from the time when the University of Illinois was grudgingly given a pittance of twenty thousand dollars a year, to cover all its expenditures, to the time when it is cheerfully given two million dollars for the same purpose, and a like period from the first twenty-five years of its existence, when the total of the state's appropriation for buildings amounted to only two hundred and seventy-five thousand dollars, to the present biennium, when the building budget alone amounts to more than twice that sum.

To me and to others here who have seen and who have been a part of all of this, the question arises, "What has brought about the change in the sentiment of the people of the State toward the University, and why do they now gladly give a hundred times as much as they formerly begrudged?" The answer might be that it is because the State is now more wealthy and because advanced education is now more popular than formerly. Although these are contributing conditions which the University itself helped to bring about, the prime factor in the University's popularity and prosperity undoubtedly is that while it has always maintained high ideals and has been a leader for progress, it has in addition been intensely practical.

The people of the State now look to these departments for authoritative information concerning the various problems which arise in their several callings, and the state government is relying more and more upon the University for technical advice and work; but beyond all that it has become generally known that young men and women educated here are able to do well many things that need to be done. This last was not always generally recognized.

Who, of the older ones here, has not heard cynical remarks passed concerning the proposition to teach farmers how to farm, housekeepers how to keep house, and teachers how to teach? All of this opposition and incredulity has been met and disarmed by actual demonstration, and now comes the still more startling proposition to develop a business man in college—a School of Commerce for instruction in business theories and methods! The old-time business man, who has achieved a measure of success through native shrewdness, good luck, and hard knocks looked askance at the proposition to teach to a young man during the short period of a college education the fundamentals of business, which he himself did or did not learn during a long life of experience. The farmer, the house-wife, the mechanic, the clerk, and the pedagogue, would each entertain similar views regarding his own calling, but with the swift progress of present-day conservation we have discovered mines of wealth everywhere, the farmer in his soil, the mechanic in his hands, the teacher in the minds of his pupils, and now business learns that the more the moods and habits of the seemingly capricious god of commerce are studied and humored, the more he will give from his unlimited resources to those who ask his aid.

To me it has always seemed that this School of Commerce instead of being a branch of the College of Liberal Arts should be transferred to the College of Engineering, and there form the major part of a post-graduate course.

I have known engineers and engineers in practical affairs, and I have noticed that those who command the largest salaries are the men who, after having done work of the conventional sort in designing, constructing, or operating, are now doing post-graduate work in the executive positions requiring broad knowledge of the fundamental principles which are taught in the course of the School of Commerce.

The greatest strides which have been made in the field of conservation of natural resources have been made

in those departments which involve the conservation of human effort. The man who studies the underlying principles through which these efforts are put forth and proposes new procedures which will increase the efficiency of that effort is an engineer, and so too is the man who studies the principles of commerce for the purpose of learning and charting its hidden currents, who removes obstructions and straightens the channel that the difference in level between producer and consumer may be reduced, that the toll on business between these two may be abolished, that the cost of the consumer's living may be lowered and the returns to the producer made higher. The man who does this is also an engineer, and while the direct results of his labors are a great blessing to humanity, the indirect results may be even greater, for next to the tie of blood that binds is the tie of profitable business; and when the streams of commerce shall flow strong and unrestricted between nations, peace on earth and good will toward men will become too valuable business assets to be disturbed.

The University, in adding department after department, and in justifying such development has led the people of the State from one advanced position to another. It was because of such sound leadership in the past that the appropriation for the School of Commerce building was granted at a time when the practical utility of the enterprise was perhaps not clearly recognized by the people. The obligation now rests upon the University to justify, as it has in the past, the continued liberality of the State, and it is with perfect confidence in the University's ability to "make good" that I now place the School of Commerce building and plant in the hands of the President of the University and of the faculty of the College of Liberal Arts.

UNIVERSITY INSTRUCTION FOR BUSINESS MEN

EDMUND J. JAMES
President of the University of Illinois

Those of us who had our college and university training in the middle of the 70's of the last century have seen a marvelous change take place in American higher education. We are apt to gauge our national achievements and our rate of national progress by the striking signs of material improvement. The growth of our railway system, the increase of our imports and exports, the ever-mounting agricultural product, the equipment of our mines and factories, the erection of sky scrapers—these are the most common means by which we measure the difference between the condition of things today and that of thirty-five or forty years ago.

But the change and, as we believe, progress of the American people is no less remarkable in the field of education, elementary, secondary, and higher. The American university of today is as different from the institution which passed under that name in the year 1870 as the modern leviathan which drags the twentieth-century train between Chicago and New York is different from the small, in some respects insignificant, locomotive which puffed across our prairies forty years ago. This change has taken place even in our oldest institutions; those which had the longest history behind them. Harvard University has changed more in its essential character in the last forty years than it had changed in the preceding two hundred and twenty-five. For the Harvard of 1870 was still in essence the college of 1636, with the annex in a more or less loose relation of two or three professional schools, which were themselves in turn the mere embryos, so to speak, of the corresponding institutions today. What was true of the change in the oldest and greatest American

university is, of course, still truer of the newer institutions like our own, which were born about the time at which the change began to pass over American higher education. This change has taken place not merely in the institution as a whole but in individual departments of the same. Harvard University medical school is today as different an institution from the Harvard medical school of 1870 as the combined mower, reaper, self-binder, and thresher of the great northwestern wheat fields is different from the rude and ineffective machine which had not yet in 1870 entirely displaced the rude methods of cradling which had prevailed for countless ages in the reaping of wheat. Even the law school of Harvard University today, an institution which serves the purposes of the most conservative and slow-moving profession of all—that of law—is as different from the law school of Harvard University in 1870 as the electric light of today from the kerosene lamp of the former period. Of course great lawyers were born, secured their training, ran their careers, before either the older or the later Harvard law school was organized and developed. And great lawyers would be born and educated and run their careers today if we had no law schools at all. But so if we had no electric-light society would still continue. We should still do our work by artificial light, great quantities of it at any rate, and society would maintain a high degree of civilization if we should forget entirely our intellectual and manual cunning which has given us the electric bulb. But just as the latter has increased enormously the comfort and efficiency of life, so the former has done its part to pave the way at any rate for an entirely new era in the practice of the law and the administration of justice.

But this change in American education has come about not merely in the old institutions and the new through a change and, as we believe, an improvement in the content and methods of instruction in the old subjects, but all grades of education have been quickened by an

enormous extension in the purpose to be served and enlargement in the number and kinds of schools corresponding to the new purposes or new insights of society.

Not only have the lawyer and the physician and the dentist and the engineer and the teacher found new and improved institutions in which to seek the appropriate training but entire new departments, new spheres, new territories, so to speak, have been added to the scope of university instruction. Most significant, and most important perhaps, in the long run, of all these newer institutions, of all these later attempts to furnish facilities for higher education, has been the great movement toward making the universities the centers of instruction which the future business man would as inevitably seek in preparation for his calling as the future lawyer or physician or engineer or teacher has already become accustomed to look for in these great centers of learning and teaching.

I think it safe to say that twenty-five years ago practically no man in the United States whose boy intended to go into business had any thought of sending him to the university because of any special preparation which he might there obtain for his future career as a business man. He might, as many others did, send his son to college for the sake of the liberal training, for the sake of the social advantages, because of the acquaintance it might bring to him in his own circle of society, but not because he thought there was anything in the college or university curriculum which had any specific and definite relation toward the work which his son expected to do. And he was entirely justified in such a view by the fact that no institution in this country, except one, namely, the University of Pennsylvania, had up to that time tried in earnest the project of organizing a department or institution or school, or whatever you may call it, of university grade whose prime function should be the special, effective, technical training of the young man who sought its facilities for the active career of business and commerce.

Things are changing today! The leading universities of the country have finally made up their minds, to judge as to their intentions from what they are actually doing, that adequate provision must be made within the scope of university organization for the technical training of men who are looking forward to business pursuits; and even the oldest, most conservative, and for a long time, on this subject, the most recalcitrant university of all—Harvard—has finally become so enthusiastic and as committed to this general proposition as the youngest of our newer institutions.

The struggle for the accomplishment of this purpose, which was a long and in many respects a bitter one, has ended in the definite victory of the idea and its acceptance by editors, by business men, by the colleges and universities; and the dedication of this building here upon the campus of the University of Illinois is one of the most striking testimonies to the victorious outcome of this great struggle.

We are now face to face with the equally difficult problem of making good, to use a slang term, by demonstrating that we are able to develop in the University a center of instruction, training, and research which will have the same relation toward the great sphere of business life which the law school has to legal life, the medical school to medical life, etc. In other words, we must demonstrate that we have in this field of instruction the conditions of a true professional school and that we are able to develop the content of our subjects of instruction in such a way as to work out a truly professional curriculum—a curriculum which we can recommend to the young fellow looking forward to a business career as something which it would be as well worth his while to spend time and money and effort to complete as it is worth the while of the future lawyer or physician to complete the corresponding curriculum of their respective schools. And having worked out such a curriculum, and having developed such an insti-

tution, our next problem is to convince the average business man that we have done what we set out to do and that we have something here which he can conscientiously advise his own son to take as a part of his preliminary preparation for the career of a business man.

I desire, therefore, on this occasion to submit a few brief considerations upon this proposition. Can we develop a college or school of commerce or business here in the University of Illinois which shall be essentially professional in its character?

The first question is: What is a profession? The term is sometimes used as a synonym with learned profession, and I have no objection to take the whole phrase. What is a learned profession? Briefly defined, a learned profession is a calling which requires for its most successful pursuit a liberal education as a preliminary training and a special professional course in the sciences underlying the practice of that calling with such applications as may be reasonably made within the time properly assigned to school preparation.

You will note the term, for the successful practice of which, I mean by successful here, not merely for the success which involves making a pecuniary profit out of the business; that is only one element in the successful practice of a calling which is to be called a learned profession. An important element, it is true, but not by any means the only one. That man is not successful in the practice of such a calling as I have described who accumulates money, if that is done by the violation of law and ethics, if that is done by the merciless exploitation of the other members of society, either individual or collective. It is not successful if one of its incidental results is the destruction of other valuable elements in the society of which it is a part. A man may make money, in other words, and yet from any social or ethical or even legal point of view in a large sense, his business and he himself may not only be an absolute failure but may be a curse to the society which has made

his financial success feasible. Now I maintain that to the highest success, success in a true sense of any business man belongs not merely financial accumulation, but belongs such a relation to all the other forces at work in his society that the work he has done has been a contribution to the success and advance of every good force and of every good element in the society at work within the range of his influence.

Now to make a successful business in this sense a man must have broad views and broad sympathy; he must see the end from the beginning; he must see how his work fits into the work of other men and helps them at the same time that it lifts himself. For this particular phase of his work, for this broad view and large vision, the element of liberal education and liberal training which I have indicated as a part of the definition of a learned profession is very necessary and very vital. Another important element in a calling, which is to be termed a learned profession, is to be found in the definite training in the sciences underlying the successful pursuit of that calling, and this implies that there are sciences, that there is a body of knowledge relating to these subjects which can be systematized and put into shape and organized for the purpose of training the youth to a better perception of the principles underlying successful work in this particular calling.

A calling which is to be a learned profession and to be cultivated and cherished by society as such must also affect large interests, must have large social bearings, comprehensive social relations.

Tried by these tests the career of a business man certainly measures up today to this standard.

In the first place, taking our tests in a somewhat reverse order, the world of business in which this calling of a business man is to be exercised is certainly one of the most important spheres of activity in our modern society; so important is it indeed that at times this activity threatens to swallow up everything else, threatens

to set the sole standards by which men judge of what is feasible or desirable, nay, even of what is ethical. An activity so all pervading that it dominates, controls, gives tone to the thought and feeling of an entire people.

The American people today are, in the mind of the world, essentially not an artistic people, not a scientific people, but a business people. We are caricatured not only in our own comic papers but in those of every other country as the dollar savers, as if a business life and business standards were the only ones which had for us any specific significance. I am sure I need not dwell upon this point at any great length. The sphere of commerce and merchandising, the interchange of commodities, is so important to the development of our national life that we measure our prosperity sometimes by our exports and imports, by the arrivals and departures of wheat and corn and beef and pork in the Chicago and other markets. A nation certainly cannot be a great nation nowadays unless its commerce and merchandising is highly developed. It cannot achieve the highest success unless these elements are developed to the highest extent and along the right lines—whatever they may be.

Surely the great world of banking and money and credit represents a sphere of just as great importance to a highly developed society like our own as the agriculture or mining or manufactures by which national prosperity is so often gauged. If we could not develop a money system our civilization would be little more than inchoate, embryonic, very little above the level of barbarism itself; and if we could not develop a credit system we should be confined within very narrow limits for the development of our industry, our commerce, our agriculture.

Men talk sometimes about the primary industries—those without which society couldn't live, those without which it couldn't exist, and attempt to secure for these a special consideration and a special treatment. In one sense, of course, it is true we could not carry on business for a week unless we had the food furnished by agriculture;

and in this cold climate in the winter time unless we had the coal and wood; nor could we get very far beyond the level of barbarism unless we had the system of commerce and merchandising. But, after all, if these were all we had, our civilization would fail to rise above a very low type of civilization. To our civilization in its present form and to its future higher developments the discovery and organization of a reasonable money system and reasonable credit system are just as necessary as the production of crops or the mining of coal, or the buying and sale of these and other commodities. Nay, without this higher development of money and credit we could not obtain the agricultural products or the yield of the mines for the purpose of developing this higher society.

So in the great field of transportation, the movement of men and commodities from one part of the country to the other and from one part of the world to the other, and the proper organization of this business as society develops upon an ever higher and more effective form, is absolutely necessary to human progress.

There are some signs already abroad in this country that we have almost reached the limit of our powers of organization in this great field of national life and endeavor. There are signs that our transportation system has outgrown the ability of men to handle, at least of the men which our society can produce, and it is perfectly evident that if we cannot improve our transportation system on the business and organizing side of the same it will make but little difference to us how many improvements we are able to work out in the detail of the steam engine or in the application of other kinds of mechanical devices to the work which is to be done. The same thing is true of course of the money and banking system which I have just mentioned. You are all familiar with the fact that we have now for a generation in this country been quarreling over the fundamental principles and the practical applications in the world of money and banking. Many of you can remember how, only a short time ago, you couldn't

get your own money out of your own bank because of the practical breakdown of our whole banking and credit system, in the face of widespread alarm and panic. It is perfectly evident to the thoughtful observer that the development of our industry and that the development of our society are limited or confined within narrow bounds unless we can progressively work out a better scheme of organization than that which we have thus far elaborated. Surely those fields must be important fields of human effort, upon the successful cultivation of which depends the whole problem of a continuously advancing civilization. I haven't time, of course, to mention other spheres, and yet perhaps I might at least name one other, and that is the great field of insurance. I don't know that anything is more characteristic of our modern society than the tendency to protect the members of human society from the effect of overwhelming disasters of one kind and another over which they can have, in their individual action and in their individual capacity at any rate, and sometimes in their collective capacity, little or no influence. We must all die! But by the proper kind of an industrial scheme we may be able to protect our families from immediate want through the device of life insurance. We may not be able to protect our houses absolutely from destruction by fire, but we may at least mitigate some of the material suffering, some of the material consequences of such disasters by the device of fire insurance; and now we are going forward to the various forms of social insurance against sickness, against the helplessness and dependence of old age, against the evil results of lack of employment, etc. Now here is a great, largely undeveloped, field of human activity waiting for men of brains and energy to develop in the interest of society. Surely then we have here in this world of business, so to speak, an important field; and the calling of a business man has one of the characteristics of a profession, therefore, in that it is exercised within a great and important field of human activity.

Many causes have been assigned for the destruction of the Roman empire. I think we know very little about the

real reason why the Roman state decayed, any more than we know the real reason why man grows old or a tree runs its course; but it is perfectly evident that one of the signs of degeneration, whether fatty degeneration or not, I am not sure, one of the signs of national degeneration in the period of the decay of the Roman empire was the progressive inability of the Roman state to organize its business on a continuing and sound basis. Its money and credit system both broke down quite as sadly and quite as positively as its agriculture and its industry. And it is perfectly evident that unless we can secure the necessary brains, so to speak, the necessary intellect of the country concentrated upon the solution of the greater problems of business organization and development we shall reach the limit of our advancing civilization at a comparatively early stage of possible human development.

Another characteristic of a learned profession is the existence of a science or group of sciences—by which I mean groups of organized knowledge—the study and investigation of which form the basis of a systematic training. Now has the world of business such underlying sciences, or are we in the way of developing them? I think myself we have this fundamental basis for the development of a learned profession.

I should say that the most fundamental science, though not by any means the only one, is economics, using that term in a large sense. If we take the old definition of economics, which for our immediate purpose is correct enough, that economics is the science of the production, distribution, and consumption of material wealth, and confine ourselves to the subject even as marked off in this rather narrow and limited definition we still have a definite valuable body of doctrine which may be used as a basis for intellectual training, and as a means of practically equipping the student with what may be called an instrument of investigation. We have in connection with this subject, using it in its larger sense, a scientific literature which has been developed and elaborated by some of the most

acute minds of the human race; and this possession of a scientific literature, which is the outcome of thought by really able minds, is one of the necessary characteristics of a career which can be called in any sense a learned profession. I defy any man to wrestle with the doctrine of marginal utility, of rent, of wages, of international trade, of the value of money and credit, without feeling that he is up against as serious and difficult intellectual problems as are opened in the whole range of physics or mathematics or chemistry or engineering; and the consideration of these doctrines is fundamental to any intelligent opinion in regard to the desirable development of business in its large scope and outlines. One may say, of course, that the class of questions, to the settlement of which a knowledge of these subjects is necessary, belongs rather to the work of the statesman than to the business man; but in my conception the business man, if he is going to practice a successful profession in the sense in which I have used that term, ought to be and must be a statesman and must have the statesman's point of view. The names of Smith, Malthus, Ricardo, Mill, Cairns, Marshall, Patten, Kinley, Seager, are mere examples in our own English literature of men, the following of whose thought is a liberal education in itself and the mastery of whose ideas will lay the foundation for the highest quality of intellectual effort in any department.

Ramifying out from economics as a science, branching and spreading in countless directions, other subjects are springing up, other sciences are developing which go to make up the content of the course of study which the future man may well follow as a special technical preparation for his calling. We speak now of the science of finance, of the science of money and banking and credit, of the science of transportation, of the science of accounting, of the science of insurance; in each of these cases there is already a collected body of doctrine which may be made the basis of an intellectual and practical training of use to anyone who is willing to give the time and energy

to its acquisition; and the study of all these subjects, aside from giving definite information which would be of value to the business man, would open his eyes, enlarge his vision, train his judgment, quicken his initiative enterprise. In other words, make him a liberally and technically trained man for the work which he is about to pursue.

My first proposition then is, that the establishment of such courses of training as these and the investigation of the subjects utilized for this instruction is clearly desirable in the interest of more efficient training of the business men themselves in order to enable them to be more surely successful, and successful in the largest sense, in the life which they propose to enter upon. There is another important side of this question which I wish to mention, at any rate, before closing. If such a system of education is desirable in the interest of business and the business man on the one hand, it is equally desirable on the other that business men receive such an education in the interest of society in general.

Nothing is more remarkable in the development of modern social life than the ever increasing importance of the business classes of the community. Even in Europe where the nobility, the army, the civil service, the learned professions, still occupy the leading social and political positions, the social status of the business classes is continually changing for the better; the business classes themselves are acquiring a continually increasing influence in politics and society. In our own country where business was from the beginning the occupation of a leading portion of the community, the business classes were never beyond the pale of society as in Europe; but even here, the relative position of business men in politics and society is rapidly changing to the disadvantage of the classes formerly looked upon as social and political leaders. The heroes to whom our children look up, whose deeds are related with admiration, are today the great captains of trade and industry, as the great orators, preachers, and lawyers were of a former period. Whether for weal or

woe, the dominating tone of American society, the ideas of American youth, are set to an ever-increasing extent by the great railroad manager, the insurance director, the banker, the merchant, the manufacturer.

What should be the characteristics of a model business man? I need not stop to speak of those absolutely fundamental qualities which are so often recommended to us in prose and verse—such as sobriety, industry, perseverance, honesty, etc., qualities which are generally acknowledged to be necessary to all classes of men.

I would, however, especially emphasize initiative enterprise, broad views of industrial problems and possibilities; a sense of the nobility of business and the possibility of usefulness to society through ordinary business channels; an *esprit du corps* which feels to the quick any base or stupid action of a fellow business man as a disgrace to the calling—that fine sense of honor which should characterize every profession. The business classes of a community should follow the injunction of the Apostle, and magnify their calling by adorning it with all those qualities which call forth the admiration of the best men.

No one can study the history of civilization from an economic standpoint without becoming convinced that scant justice has been done in our literature and history to the fundamental importance of trade and industry to the progress of civilization itself. We trace the history of polities and political divisions, of wars and kings and generals, of law and theology and medicine, of science and literature and art, and think we have a fairly complete view of human history. The progress of mankind, however, is nowhere more clearly reflected than in the invention and perfection of money; or in the establishment and development of banks; or in the origin and growth of insurance; or the development of clearing-houses, and the other thousand and one devices of our credit and monetary system. Let us recognize clearly that an improvement in business—a new device or a new application of an old one—is of as much interest to humanity as a discovery in medi-

cine, or an improvement in law, a new formulation of a theological creed or the invention of a new motive power.

The promissory note in all its various ramifications is perhaps as important to human welfare as the microscope itself, while the invention of money is even more important than the printing-press or the steam engine. There is an opportunity in the dull round of business not merely to earn a living, not merely to provide for one's family, not merely to heap up wealth which may be used to found a hospital or a college, but to confer blessings of incalculable benefit upon mankind by improving the processes of business itself. No thoughtful man can look around him in any branch of business without seeing numerous points at which it may be improved, and the history of other branches of human life show how much individual men may accomplish by giving their thoughtful attention to such things. Such work is as truly scientific in character and philanthropic in its results as the search for the cholera bacillus and its remedy.

Such a mode of viewing business would not only tend to improve the character of business methods, but it would raise the whole level of business thought and feeling, increase the interest of business men in their work and react beneficially on society in general in countless ways. It would tend to beget an *esprit du corps*, which would do away with countless abuses of our business life growing out of the bitter competition of our modern economic system.

I take it there will be little difference of opinion upon these points. My experience as a teacher leads me to believe that much may be done by a systematic school training to develop the above mentioned qualities in the future business man.

The aim of commercial education, such as I am pleading for, is to awaken a profound interest in business as such; to train youth to an appreciation of the functions of business and business practice in our modern life; to inform him as to the history of industry and trade; to awaken

his interest in its future; to train him to keep his eyes open as to business possibilities; to inspire him with a healthy respect for business in all its various branches; to arouse a determination to become not only a successful business man in the ordinary sense of the term, but a useful one as well; to beget a public spirit; to excite an interest in the higher welfare of society; in a word, to become a public-spirited, intelligent, well-educated, and successful man of affairs.



PRESENTATION OF THE PORTRAIT OF THE LATE MR. EDWARD
JARVIS PARKER TO THE SCHOOL OF COMMERCE

B. F. HARRIS

Representing the Illinois Bankers' Association

With all the ceaseless moil and toil of the countless captains of the numberless industries and enterprises that constitute what we call commerce, there is all too little sentiment or all too little of the things that make for inspiration.

With all our various vocations we are overlooking or omitting the avocations which would add so much to our own life and the lives of those about us. It is particularly necessary in these days, that the modern school of commerce should make many-sided men, that sentiment should have its proper bearing and citizenship loom larger.

Perhaps the best sign of the times is the change in public attitude which brings moral purpose to public as well as private affairs, it requires more of consistency and less of expediency, and, in a word, holds some higher hope than mere dollars. In short, the day and dictum of dollar diplomacy are in the discard, and days of real progress are come, "for man liveth not to himself alone nor by bread alone."

One of the best object lessons and inspirations in this direction will lie in the gathering together here in a Hall of Fame, the portraits not simply of men who attained eminence and renown in their devotion to the various departments of commerce, but withal were helpful, forceful citizens, leading or working with every movement concerned with the making of a bigger, better, broader, and fuller civilization.

This portrait, the first we are to place, is most happily chosen. Edward Jarvis Parker, banker, typified all that the term good citizenship comprehends. A little more than a year ago, after practically fifty years spent in

building up and directing the largest bank in the state outside of Chicago, Mr. Parker went to a certain reward, mourned as the first man of Quincy. He had shown that the rare qualifications of the exceptionally able banker and business man could be combined with the unusually versatile and public-spirited attributes of citizenship in a most successful and helpful, active business life, reaching in numberless directions that touch the human side of things.

His activities in the public welfare, in legislation, in art, in benevolences were nation-wide, but his greatest pride was in the Park Boulevard System which he conceived and carried out in Quincy.

The banker should be the bravest man in town, and the least afraid of criticism. That Mr. Parker met these requirements, my personal acquaintance with him made certain. He had in a large degree, that splendid spirit and conception of public duty that we call virtue, that makes good citizenship, and so makes good government and the things we have referred to possible and enduring.

It is this spirit of good citizenship, that must penetrate the nation, that it is the duty of our University to spread abroad, that the School of Commerce must breathe into its graduates, and that the story and portrait of Edward Jarvis Parker and others who are to follow will exemplify and inspire.

JOINT BANQUET, DEDICATION OF
THE COMMERCE BUILDING
UNIVERSITY OF ILLINOIS

THE COMMERCIAL CLUB OF URBANA AND THE CHAMBER OF COMMERCE
OF CHAMPAIGN

Armory, April 17, 1913

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